

# **Charter Township of Canton Wayne County, Michigan**

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## **Comprehensive Annual Financial Report with Supplemental Information For the Fiscal Year Ended December 31, 2006**

### **Supervisor**

Thomas J. Yack

### **Clerk**

Terry Bennett

### **Treasurer**

Elaine J. Kirchgatter

### **Trustees**

Melissa McLaughlin

Todd Caccamo

Karl Zarbo

Todd Lajoy

### **Finance Director**

Richard A. Eva, Jr.

Prepared by Finance Department

# Charter Township of Canton

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## Contents

### Introductory Section

Township Supervisor's Summary of Calendar Year 2005 with Prospective on the Future - Letter of Transmittal	i-iv
GFOA Certificate of Achievement	v
Organization Chart	vi
List of Principal Officials	vii
Labor Agreements	viii
Summary of Personnel - Budgeted Positions	ix
Fund Organization Chart	x-xi

### Financial Section

Report Letter	1-2
Management's Discussion and Analysis	3-8

### Basic Financial Statements

Government-wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10-11
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	12-13
Reconciliation of Fund Balances to the Statement of Net Assets	14
Statement of Revenue, Expenditures, and Changes in Fund Balances	15-16
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Proprietary Funds:	
Statement of Net Assets	18
Statement of Revenue, Expenses, and Changes in Net Assets	19
Statement of Cash Flows	20

# Charter Township of Canton

## Contents (Continued)

### Financial Section (Continued)

#### **Basic Financial Statements** (Continued)

##### Fund Financial Statements (Continued):

##### Fiduciary Funds:

Statement of Net Assets	21
Statement of Changes in Net Assets	22

Notes to Financial Statements	23-48
-------------------------------	-------

#### **Required Supplemental Information** 49

Budgetary Comparison Schedule - General Fund	50
--	----

Budgetary Comparison Schedule - Major Special Revenue Funds	51-54
---	-------

Note to Required Supplemental Information	55-56
---	-------

#### **Other Supplemental Information** 57

##### Nonmajor Governmental Funds:

Combining Balance Sheet	58-60
-------------------------	-------

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	61-63
--	-------

Budgetary Comparison Schedule - Major Capital Projects Funds	64
--	----

Budgetary Comparison Schedule - Nonmajor Governmental Funds	65-72
---	-------

Fiduciary Funds - Statement of Changes in Assets and Liabilities	73
--	----

#### **Statistical Section (Unaudited)** 74

Description of Statistical Section	75
------------------------------------	----

##### Financial Trend Information:

Net Assets by Component	76
-------------------------	----

Change in Governmental Net Assets	77
-----------------------------------	----

Change in Business-type Net Assets	78-79
------------------------------------	-------

Fund Balances - Governmental Funds	80-81
------------------------------------	-------

Changes in Fund Balances - Governmental Funds	82-83
---	-------

# Charter Township of Canton

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## Contents (Continued)

### Statistical Section (Unaudited) (Continued)

Revenue Capacity Information:	
Assessed Value and Actual Value of Taxable Property	84-85
Direct and Overlapping Tax Rates	86-87
Principal Property Taxpayers	88
Property Tax Levies and Collections	89
Debt Capacity Information:	
Ratios of Outstanding Debt	90-91
Ratios of General Bonded Debt Outstanding	92
Direct and Overlapping Debt	93
Legal Debt Margins	94-95
Pledged Revenue Coverage	96-97
Demographic and Economic Statistics	98
Principal Employers	99
Operating Information:	
Full-time Equivalent Government Employees	100
Operating Indicators	101-102
Capital Asset Statistics	103

May 7, 2007

To the Board of Trustees and Citizens  
Charter Township of Canton  
Wayne County, Michigan

### **Transmittal**

This letter serves to formally transmit to the board of trustees the Comprehensive Annual Financial Report for the 2006 fiscal year. This report was prepared by the finance and budget department. Responsibility for the accuracy, completeness, and fairness of the data herein, including all disclosures rests with the Charter Township. We would ask that the board review and accept this report, which details the Township of Canton's financial condition. Additional information can be obtained by referring to the management's discussion and analysis section of this report.

### **Economic Development**

Canton experienced tremendous growth in the commercial sector during 2006. IKEA opened its only Michigan store in the heart of Canton's business district. The opening proved to be the most successful in the history of IKEA North America, with more than 100,000 visitors passing through their doors in the first four days. Commercial developers and retailers took note of this success and made plans to capitalize on the traffic generated by IKEA. Borders, Petco, Starbucks, Office Depot, Victory Toyota, and Antonio's Restaurant completed projects. A number of new projects have been planned for 2007 along Ford and Michigan Avenue. The new housing market continued to be soft with just over 200 new homes constructed during the last year.

Canton's 2006 economic development accounted for almost 22 percent of Wayne County's economic activity.

### **Public Facilities**

A number of public improvements were completed during 2006. A long-awaited expansion of the Parks Division headquarters and garage in Heritage Park was completed.

A new general government warehouse took the place of a 50-year old razed structure. A \$1.3 million bond issue paved the way for much-needed improvements at Fellows Creek Golf Course. The clubhouse saw a complete remodeling. Course improvements will begin in 2007 and be completed in 2009.

Also approved in October 2006 was an \$8.5 million Downtown Development Authority bond issue to facilitate various infrastructure and streetscape improvements.

## **Budgeting**

The Canton board of trustees adopts an annual budget in accordance with the State of Michigan Uniform Budgeting Act, P.A. 621 of 1978. The Charter Township's fiscal year is January through December. The annual budget is adopted each October for the subsequent year. Budgetary controls include the fact that expenditures cannot exceed revenues for the year plus beginning fund balance. An encumbrance system is in place to ensure that this control is not violated. In addition, the board of trustees must approve all budget amendments made throughout the fiscal year. Transfers within a fund may be approved by the Township supervisor, except for changes to capital or personnel. These changes require board approval regardless of the amount. Adequate internal controls are an important aspect of the financial system for the Charter Township. An Internal Control Committee is comprised of the treasurer, the director of finance and budget, both finance and budget accountants, and the deputy treasurer. This committee establishes and reviews internal controls to ensure accountability, reliability, and accuracy.

## **Pension and Postemployment Benefits**

Our pension program is administered and handled by private insurance companies, Retirement Funding/Schwab and the Municipal Employees Retirement System (MERS). The Charter Township has both a defined contribution plan and a defined benefit program. It is mandatory for employees to contribute 5 percent of their base pay. The Charter Township matches it with 15 percent for the defined contribution plan, and the MERS contribution is determined actuarially. There is a pension committee comprised of the treasurer, administrative services director, an accountant from the finance and budget department, and one member of each of the union and nonunion groups.

A fund was created in 1997 to account for retiree health insurance premium costs. It is anticipated that the investments in this fund will provide for future health care benefit costs for retired Charter Township employees.

## **Component Units**

The Charter Township of Canton Building Authority is governed by a board that is appointed by the Charter Township supervisor. Although it is legally separate from the Charter Township, it is reported as if it were part of the primary government because its sole purpose is to finance and construct the Charter Township's public buildings. Included in the financial statements is the Charter Township's discretely presented component unit, the Downtown Development Authority (DDA). The DDA captures tax revenues that are used to fund improvements to the downtown area.

## **Cash Management**

The Charter Township's investment policies follow the legal requirements of municipalities covered under Michigan Public Act No. 20 of 1943, as amended December 1997. We maximize the use of funds and ultimately try to increase the return of our dollars while minimizing risk. Investments are placed with institutions that are deemed to provide minimal risk to Charter Township assets. Our investment portfolio consists of U.S. Treasury and other obligations of the U.S. and its agencies, certificates of deposit, commercial paper, and authorized pooled funds, in compliance with the Charter Township's investment policy and Public Act 20 as amended.

## **Risk Management**

Canton Township is a member of the Michigan Municipal Risk Management Authority (MMRMA). The MMRMA is a self-insured association with a membership of approximately 1,170 Michigan local government units. It provides risk management, claims administration, legal defense, and reinsurance services for its members. As a member of MMRMA, Canton has liability coverage of up to \$15,000,000 per occurrence. Our self-insured retention for liability is \$250,000 per occurrence. We are actively involved in risk control through supervisory and employee training, facilities inspections, and utilization of the MMRMA risk control staff. The Charter Township is also self-insured for our workers' compensation coverage. We utilize Broadspire as a third-party administrator of our workers' compensation program. Working with the Alexsis professional staff, we conduct an active risk management program with regard to reducing on-the-job injuries. This program includes safety training, employee safety committees, wellness programs, employee fitness programs, safety inspections, and aggressive claims management.

## **Independent Audit**

State law requires an annual audit of the Charter Township's financial records and transactions by an independent certified accountant. This has been done for Canton Township by Plante & Moran, PLLC. They have given the Charter Township an "unqualified opinion," which is the best opinion an organization can receive on its financial statements. This indicates that Plante & Moran, PLLC has found nothing to cause them to believe that the financial statements are not fairly stated in all material respects.

A single audit was also performed by Plante & Moran, PLLC and is under separate cover.

## **Achievements and Awards**

Canton was once again one of the safest communities in the United States, ranking in the top 20 for the fifth consecutive year. The finance and budget department was recognized again for outstanding financial reporting. The department also received recognition from the National Purchasing Institute, receiving the Achievement of Excellence in Procurement Award. Canton Cable Television was the recipient of a number of awards by the National Association of Telecommunications Officers and Advisors.

Canton's strengths continue to be exceptional strategic planning, as well as strong financial management; sound finances with surpluses and significant fund balances stimulated by economic growth; low tax rates and strengthened wealth levels among its residents. For the 14<sup>th</sup> consecutive year, the Charter Township has achieved national recognition from the Government Finance Officers' Association (GFOA). Canton received a GFOA Certificate of Achievement for Excellence in Financial Reporting for Canton's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2005.

### **Acknowledgments**

I would like to take this opportunity to thank all those who assisted in the preparation of this document, especially the finance and budget staff. Its completion represents the hard work of many individuals, without whom it would not be possible to present this report. Their professionalism and expertise is greatly appreciated by the organization. Given the extraordinary growth of Canton, the demands placed on our finance department have increased dramatically, but we continue to provide an extremely high level of service. I would also like to express my appreciation to the Township board for their continued support of the finance and budget department.

Readers may also want to refer to the management's discussion and analysis for further information.

Sincerely,



Thomas J. Yack  
Canton Supervisor



Richard A. Eva  
Director of Finance and Budget



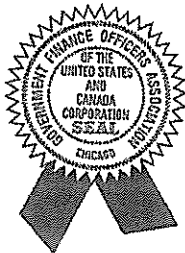
# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Charter Township of Canton Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2005

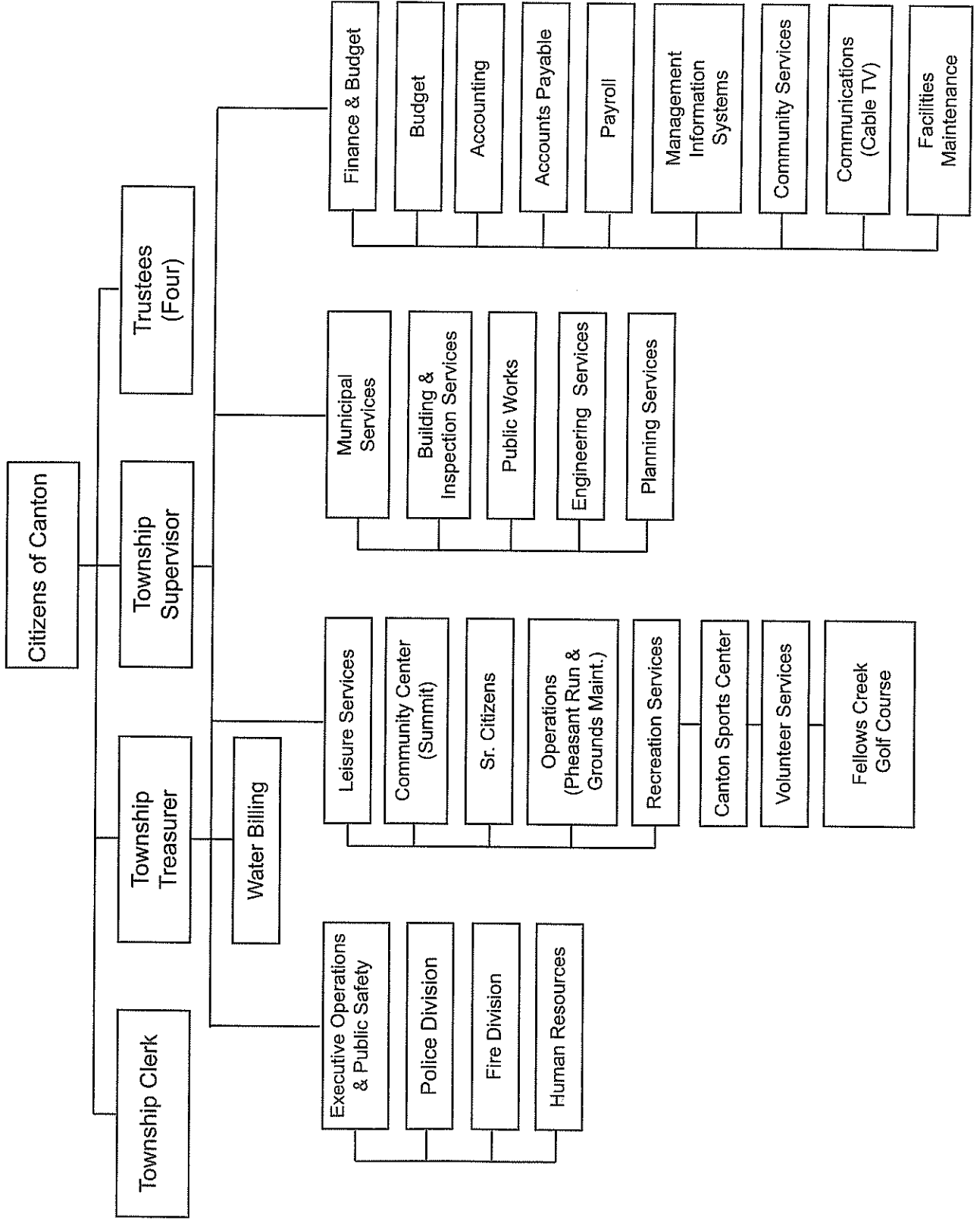
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# CHARTER TOWNSHIP OF CANTON



# Charter Township of Canton

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## List of Principal Officials as of December 31, 2006

### Supervisor's Office

Supervisor Thomas Yack

### Clerk's Office

Clerk Terry G. Bennett  
Deputy Clerk Pam Popejoy

### Treasurer's Office

Treasurer Elaine Kirchgatter  
Assistant Deputy Treasurer Bruce Malinczak

### Finance and Budget Division

Director Richard A. Eva, Jr.  
Accounting Manager Karen H. Fox  
Budget and Water Billing Manager John Spencer  
Community Services Manager Mike Ager  
Information Technology Manager Vacant

### Municipal Services Department

Director Timothy Faas  
Building Official John Weyer  
Township Engineer Thomas Casari  
Community Planner Jeffrey Goulet

### Leisure Services Department

Director Ann Conklin  
Chief of Recreation and Facilities Debra Bilbrey-Honsowetz  
Chief of Parks Brad Sharp

### Executive Operations and Public Safety Department

Director John Santomauro  
Deputy Chief Alexander Wilson  
Deputy Chief Laura Golles  
Fire Chief Michael Rorabacher  
Fire Marshall Frank Barrett  
Human Resources Manager David Medley

# Charter Township of Canton

## Labor Agreements as of December 31, 2006

Bargaining Unit	Expiration Date	Number of Employees
Police:		
Deputy chiefs	12/31/09	2
Sergeants and lieutenants	12/31/09	15
Police Officers Association of Michigan - Represents police officers and dispatchers	06/30/08	79
International Association of Firefighters - Represents firefighters	06/30/08	52
Technical, Professional, and Officeworkers Association of Michigan - Represents clerical employees	12/31/08	62
American Federation of State, County, and Municipal Employees - Represents public works employees, facilities maintenance employees, building inspectors, and ordinance officers	03/31/09	<u>61</u>
Total		<u><u>271</u></u>

# Charter Township of Canton

## Summary of Personnel - Budgeted Positions As of December 31, 2006

	<u>Full-time</u>	<u>Part-time</u>
Supervisor's Office	3	1
Economic Development	1	1
Clerk's Office	6	-
Treasurer's Office	6	-
Executive Operations and Public Safety:		
Fire	69	-
Police	114	1
Human Resources	5	1
Finance and Budget:		
Finance and Budget	11	-
Information Technology Systems	7	-
Community Services	3	1
Cable Television	5	3
Facilities Maintenance	17	-
Utility Billing	4	-
Municipal Services:		
Director's Office	3	-
Building and Inspection Services	12	1
Engineering Services	21	1
Planning Services	7	-
Public Works	36	1
Leisure Services:		
Director's Offices	7	1
Parks Division	13	-
Summit Community Center	6	1
Pheasant Run Golf Course	3	-
Parks and Recreation	10	-
Softball Center	3	1
Performing Arts	1	-
Administrative Services	<u>3</u>	<u>-</u>
Total budgeted employees	<u><u>376</u></u>	<u><u>14</u></u>

# Charter Township of Canton

## Fund Organization Chart

Fund Name	Fund Number
<b>Governmental Funds</b>	
<b>General Fund</b>	101
<b>Special Revenue Funds</b>	
Police	207
Fire	206
Public Improvement	245
Community Improvement	246
Special Investigation	266, 267, & 289
Community Center	208
Street Lighting	219
Community Development Block Grant	274
Cable TV	230
911 Service	261
<b>Debt Service Funds</b>	
Building Authority	369
Beck Road Paving	864
South Haggerty Paving	865
Koppernick Corporate Park, Sewer, Water Main, and Paving	852
Tonquish Creek Storm Sewer	854
Saltz Road	873
Lotz Road Paving	874
Cherry Hill Road Paving	875
Denton Road Paving	876
<b>Capital Projects Funds</b>	
Road Paving	403
Building Construction	402
Saltz Road Paving	803
Lotz Road Paving	804
Cherry Hill Road	815

# Charter Township of Canton

## Fund Organization Chart (Continued)

Fund Name	Fund Number
<b>Proprietary Fund</b>	
<b>Enterprise Fund</b>	
Water and Sewer	592
Golf Course	584 & 469
<b>Fiduciary Funds</b>	
<b>Trust and Agency Funds</b>	
Tax Collections	703
Other Agency	701-702
Postemployment Benefits	736



**Plante & Moran, PLLC**  
27400 Northwestern Highway  
P.O. Box 307  
Southfield, MI 48037-0307  
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## Independent Auditor's Report

To the Township Board  
Charter Township of Canton

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Canton as of and for the year ended December 31, 2006, which collectively comprise the Charter Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Charter Township of Canton. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Canton as of December 31, 2006 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



To the Township Board  
Charter Township of Canton

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Canton's basic financial statements. The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The budgetary comparison schedules, combining balance sheets, and combining statements of revenue, expenditures, and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2007 on our consideration of the Charter Township of Canton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Plante & Moran, PLLC*

May 7, 2007

# Charter Township of Canton

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## Management's Discussion and Analysis

### Overview of the Financial Statements

Canton's 2006 annual report is presented in conformity with the requirements of GASB 34, as it was in 2005 and 2004. This annual report consists of five parts - management's discussion and analysis, the basic financial statements, required supplementary information, other supplemental information, which presents combining statements for nonmajor governmental funds and fiduciary funds, and a statistical section. The basic financial statements include two kinds of statements that present different views of the Charter Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Charter Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Charter Township's government, reporting the Charter Township's operations in more detail than the government-wide statements.

### Government-wide Statements

The government-wide statements report information about the Charter Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid (full accrual).

The two government-wide statements report the Charter Township's net assets and how they have changed. Net assets, the difference between the Charter Township's assets and liabilities, are one way to measure the Charter Township's financial health or position.

The government-wide financial statements of the Charter Township are divided into three categories:

- **Governmental Activities** - Most of the Charter Township's basic services are included here, such as the police, fire, public works, leisure services, and general administration. Property taxes, state-shared revenue, charges for services, and two special operating millages provide most of the funding.
- **Business-type Activities** - The Charter Township charges fees to customers to help it cover the costs of certain services it provides. The Charter Township's water and sewer system and golf operations are treated as business-type activities.
- **Component Units** - The Charter Township includes one other entity in its report, the Canton Downtown Development Authority. Although legally separate, this "component unit" is important because the Charter Township is financially accountable for them, including debt, which was issued on behalf of the authorities by the Charter Township.

# Charter Township of Canton

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## Management's Discussion and Analysis (Continued)

### Fund Financial Statements

The fund financial statements provide more detailed information about the Charter Township's most significant funds - not the Charter Township as a whole. Funds are accounting devices that the Charter Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and bond covenants. The Charter Township board establishes other funds to control and manage money for particular purposes.

The Charter Township has three types of funds:

- **Governmental Funds** - Most of the Charter Township's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Charter Township's programs.
- **Proprietary Funds** - Services for which the Charter Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long- and short-term financial information.
- **Fiduciary Funds** - The Charter Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Charter Township's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the Charter Township's government-wide financial statements because the Charter Township cannot use these assets to finance its operations.

# Charter Township of Canton

## Management's Discussion and Analysis (Continued)

### Financial Overview

The Charter Township has combined total net assets of \$223 million. This is a decrease from 2005 of \$4.1 million. Business-type activities comprise \$143.8 million, and governmental activities make up \$79.2 million of the total net assets. In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Assets</b>						
Current and other assets	\$ 70,957,472	\$ 71,490,506	\$ 24,377,482	\$ 32,570,993	\$ 95,334,954	\$ 104,061,499
Noncurrent assets	5,274,843	7,214,754	-	-	5,274,843	7,214,754
Capital assets and investments in joint ventures	83,625,413	81,605,542	132,305,842	129,038,694	215,931,255	210,644,236
Total assets	159,857,728	160,310,802	156,683,324	161,609,687	316,541,052	321,920,489
<b>Liabilities</b>						
Current liabilities	37,845,756	35,985,886	4,074,629	5,337,595	41,920,385	41,323,481
Long-term liabilities	42,796,108	45,391,219	8,781,910	8,125,411	51,578,018	53,516,630
Total liabilities	80,641,864	81,377,105	12,856,539	13,463,006	93,498,403	94,840,111
<b>Net Assets</b>						
Invested in capital assets - Net of related debt	47,200,269	45,205,467	91,906,737	91,961,552	139,107,006	137,167,019
Restricted:						
Police and fire	6,038,974	7,200,449	-	-	6,038,974	7,200,449
Western Wayne Criminal Investigation	1,350,770	1,455,081	-	-	1,350,770	1,455,081
Street lighting	19,423	5,325	-	-	19,423	5,325
911 activities	1,455,384	1,156,440	-	-	1,455,384	1,156,440
Debt service	6,821,460	1,862,445	1,487	4,462	6,822,947	1,866,907
Unrestricted	16,329,584	22,048,490	51,918,561	56,180,667	68,248,145	78,229,157
Total net assets	<b>\$ 79,215,864</b>	<b>\$ 78,933,697</b>	<b>\$ 143,826,785</b>	<b>\$ 148,146,681</b>	<b>\$ 223,042,649</b>	<b>\$ 227,080,378</b>

The most significant change was a decrease in the assets of the business-type activities. The primary source of the decrease was related to a decrease in the nonoperating revenue for customer connection fees in the Water and Sewer Fund. Other changes are minimal and balances are fairly consistent with last year.

# Charter Township of Canton

## Management's Discussion and Analysis (Continued)

The following table shows the changes in net assets for 2006 and 2005:

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 8,000,999	\$ 9,495,363	\$ 22,000,131	\$ 26,959,633	\$ 30,001,130	\$ 36,454,996
Operating grants and contributions	1,995,817	3,263,870	-	-	1,995,817	3,263,870
Capital grants and contributions	596,752	4,390,608	978,084	2,014,599	1,574,836	6,405,207
General revenue:						
Property taxes	8,287,228	7,647,583	-	-	8,287,228	7,647,583
Public safety operating levy	20,489,067	19,533,530	-	-	20,489,067	19,533,530
State-shared revenue	5,958,485	6,018,024	-	-	5,958,485	6,018,024
Franchise fees and royalties	1,331,008	1,233,579	-	-	1,331,008	1,233,579
Investment earnings	2,331,534	1,869,021	1,149,959	694,673	3,481,493	2,563,694
Miscellaneous	1,334,198	1,274,992	10,715	83,865	1,344,913	1,358,857
<b>Total revenue</b>	<b>50,325,088</b>	<b>54,726,570</b>	<b>24,138,889</b>	<b>29,752,770</b>	<b>74,463,977</b>	<b>84,479,340</b>
<b>Program Expenses</b>						
General government	5,569,166	6,705,957	-	-	5,569,166	6,705,957
Public safety	24,188,930	22,262,105	-	-	24,188,930	22,262,105
Public works	5,808,264	7,388,912	-	-	5,808,264	7,388,912
Building, planning, and engineering	3,333,880	3,874,353	-	-	3,333,880	3,874,353
Culture and recreation	7,751,655	8,677,474	-	-	7,751,655	8,677,474
Sanitation	2,874,954	2,664,103	-	-	2,874,954	2,664,103
Interest on long-term debt	256,072	388,909	-	-	256,072	388,909
Water and sewer	-	-	26,528,356	25,846,472	26,528,356	25,846,472
Golf course	-	-	2,190,429	2,371,297	2,190,429	2,371,297
<b>Total program expenses</b>	<b>49,782,921</b>	<b>51,961,813</b>	<b>28,718,785</b>	<b>28,217,769</b>	<b>78,501,706</b>	<b>80,179,582</b>
<b>Excess of Revenue Over (Under)</b>						
Expenses - Before transfers and special item	542,167	2,764,757	(4,579,896)	1,535,001	(4,037,729)	4,299,758
Special Item - Gain on sale of assets	-	5,635,111	-	-	-	5,635,111
Transfers	(260,000)	(483,243)	260,000	483,243	-	-
<b>Change in Net Assets</b>	<b>282,167</b>	<b>7,916,625</b>	<b>(4,319,896)</b>	<b>2,018,244</b>	<b>(4,037,729)</b>	<b>9,934,869</b>
<b>Net Assets - Beginning of year</b>	<b>78,933,697</b>	<b>71,017,072</b>	<b>148,146,681</b>	<b>146,128,437</b>	<b>227,080,378</b>	<b>217,145,509</b>
<b>Net Assets - End of year</b>	<b>\$ 79,215,864</b>	<b>\$ 78,933,697</b>	<b>\$ 143,826,785</b>	<b>\$ 148,146,681</b>	<b>\$ 223,042,649</b>	<b>\$ 227,080,378</b>

### Governmental Activities

Revenues for governmental activities totaled \$50.3 million in 2006. A total of \$8.3 million was in the form of property tax collections, an increase of \$.6 million over 2006. This increase reflects a significant increase in taxable value of \$276 million. The police and fire special assessment millage generated \$20.5 million. State-shared revenues continue to be of concern as the state budget continues to be in crisis with no signs of recovering anytime soon. Other miscellaneous revenues totaled \$1.34 million.

# **Charter Township of Canton**

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## **Management's Discussion and Analysis (Continued)**

### **Business-type Activities**

The Charter Township has two business-type activities. These include the water and sewer operations, and the operating fund for the Pheasant Run and Fellows Creek golf courses. Revenues for business-type activities were \$24.1 million. A total of \$1.5 million was attributable to golf operations. The Charter Township owns two golf courses. The Pheasant Run course is operated by the Charter Township and is an upscale public course. Operating revenues were impacted in 2006 as in 2005 by a downturn in the State of Michigan's economy and poor weather throughout the season. Fellows Creek is leased to an operator, and the lessee pays a fixed fee to the Charter Township. The amount received in 2006 was \$100,000.

The water and sewer operation is much larger. Water is provided to the Charter Township residents via the Detroit Water and Sewer Department. Sewage treatment is provided by contracts with Western Township Utility Authority, Wayne County, and the Ypsilanti Community Utility Authority. The Charter Township is participating in a WTUA/YCUA project to expand the YCUA treatment facilities to ensure continued sewage treatment services for the community.

### **Current Economic Events**

The Charter Township continues to experience good growth in the community. However, housing starts began to decline in late 2005, through 2006 and are continuing into 2007. Retail remains active. Canton was chosen as the only IKEA site in Michigan and it has spurred additional retail investment. Our state equalized value (SEV) is now \$4.610 billion, which is \$757 million more than our taxable value. This is significant because in Michigan, taxes are based on taxable value, not SEV.

Revenue sharing remains to be the most significant budgetary concern at this time. The State of Michigan is experiencing significant structural budget problems, and as they look for solutions, revenue sharing has dwindled. The governor's current budget calls for a level funding for state revenue-sharing payments. These levels continue to be below earlier levels.

The Charter Township raised the local operating millage to 2.36 mills for fiscal year 2004. It will continue at this level, with the rate being reevaluated annually. The increase of .36 mills is not slated for operation, but is targeted at improving road intersections in the community. Our five-year strategic plan helps to guide the community and serve as our operating plan. This plan will serve as our guide as we develop future budget and strategies.

# **Charter Township of Canton**

## **Management's Discussion and Analysis (Continued)**

### **Financial Analysis of Township Funds and Budgets**

The General Fund ended 2006 with a fund balance of \$5.99 million, with \$166,962 reserved for encumbrances. Tax revenue was up due to increased taxable value. The General Fund millage rate remained the same in 2006. Tax collections were \$8.3 million in 2006. This is an increase of \$.64 million over 2005. The amount of state-shared revenue received in 2006 was \$7.2 million, an increase of \$1.0 million over 2005. This is the result of the method the State has taken in making payments. Payments are now electronically distributed, and under the Township's policy, the December payment that use to be received more than 60 days after year end and was not recorded is now being received within the 60-day cutoff. Therefore, we have included an additional payment of \$963,945 in the 2006 revenues. Future revenue sharing is expected to return to the previous \$6.0 million level. Investment income was up over \$154,000 from last year. Expenditures were below final budget by \$2.33 million. This is reflective of adjustments made in operating budgets throughout the General Fund that reduced costs.

The General Fund budget is amended throughout the year as deemed necessary. This is primarily done to prevent overexpenditures. With that in mind, the General Fund expenditures were 91.4 percent of budget. No major General Fund areas were significantly under or over budget.

Police and fire operations are funded separately through special assessment millages. These funds are expended exclusively for operations of police and fire, respectively. The Police Fund balance is \$3.21 million and the Fire Fund balance is \$2.83 million.

### **Capital Assets and Debt Administration**

The Charter Township started and continued several capital projects in 2006. Projects that were in progress include new maintenance buildings at Victory and Heritage Park, intersection improvements at Canton Center and Geddes, Saltz and Sheldon and Sheldon, and Cherry Hill Road, and improvements at Fellows Creek Golf Course. A lower River Rouge trail system was in the planning stages. The Sanitary Sewer Relief project was started in 2005 and is in the design phase. Readers of this report should refer to the notes section for more detailed information regarding long-term debt and capital.

### **Contact Us**

This report is intended to aid our residents and other interested parties in understanding the Charter Township's financial condition. Should you have further questions, please contact the finance and budget department at the Canton administration building.

# Charter Township of Canton

## Statement of Net Assets December 31, 2006

	Primary Government			Component Unit
	Governmental	Business-type Activities	Total	
	Activities			
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 25,537,144	\$ 1,194,115	\$ 26,731,259	\$ 4,957,501
Investments (Note 3)	16,188,755	18,068,304	34,257,059	-
Receivables - Net:				
Property taxes	15,172,815	-	15,172,815	1,106,350
Customers	-	5,501,261	5,501,261	-
Special assessments	5,387,532	-	5,387,532	-
Accrued interest and other receivables	960,985	124,523	1,085,508	11,648
Internal balances	2,758,742	(2,758,742)	-	-
Due from other governmental units	1,787,956	57,835	1,845,791	1,047,976
Other assets	2,798,024	95,256	2,893,280	26,500
Inventories	-	532,930	532,930	-
Restricted assets (Note 8)	365,519	1,551,737	1,917,256	8,553,189
Investment in joint venture (Note 13):				
35th District Courthouse Authority	1,762,351	-	1,762,351	-
Western Townships Utilities Authority (WTUA)	-	33,300,660	33,300,660	-
Capital lease receivable	5,274,843	-	5,274,843	-
Nondepreciable capital assets (Note 4)	16,810,563	10,829,383	27,639,946	254,496
Depreciable capital assets - Net (Note 4)	65,052,499	88,175,799	153,228,298	2,731,751
Net unamortized bond issuance costs	-	10,263	10,263	59,748
<b>Total assets</b>	<b>159,857,728</b>	<b>156,683,324</b>	<b>316,541,052</b>	<b>18,749,159</b>
<b>Liabilities</b>				
Accounts payable	1,823,763	1,757,373	3,581,136	154,850
Accrued and other liabilities	1,677,401	372,850	2,050,251	311,475
Cash bonds and deposits	2,230,639	1,791,224	4,021,863	-
Current liabilities payable from restricted assets (Note 8)	-	141,488	141,488	-
Unearned revenue (Note 5):				
Special assessments	240,351	-	240,351	-
Property taxes and other	31,873,602	-	31,873,602	2,154,327
Noncurrent liabilities:				
Due within one year (Note 7):				
Bond and other contractual obligations	2,577,665	612,490	3,190,155	524,828
Other long-term obligations	1,168,653	79,308	1,247,961	-
Due in more than one year (Note 7):				
Bond and other contractual obligations	37,064,655	7,703,163	44,767,818	9,265,172
Other long-term obligations	1,985,135	386,949	2,372,084	-
Net unamortized bond issuance premium	-	11,694	11,694	70,950
<b>Total liabilities</b>	<b>80,641,864</b>	<b>12,856,539</b>	<b>93,498,403</b>	<b>12,481,602</b>
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	47,200,269	91,906,737	139,107,006	1,749,436
Restricted:				
Police and Fire	6,038,974	-	6,038,974	-
Western Wayne Criminal Investigation	1,350,770	-	1,350,770	-
Street lighting	19,423	-	19,423	-
911 activities	1,455,384	-	1,455,384	-
Debt service	6,821,460	1,487	6,822,947	-
Unrestricted	16,329,584	51,918,561	68,248,145	4,518,121
<b>Total net assets</b>	<b>\$ 79,215,864</b>	<b>\$ 143,826,785</b>	<b>\$ 223,042,649</b>	<b>\$ 6,267,557</b>



# Charter Township of Canton

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 5,569,166	\$ 699,201	\$ 421,502	\$ -
Public safety	24,188,930	986,337	1,155,175	-
Public works	5,808,264	-	-	275,681
Building, planning, and engineering	3,333,880	2,776,429	185,931	321,071
Culture and recreation	7,751,655	3,539,032	233,209	-
Sanitation	2,874,954	-	-	-
Interest on long-term debt	256,072	-	-	-
Total governmental activities	49,782,921	8,000,999	1,995,817	596,752
Business-type activities:				
Water and sewer	26,528,356	20,559,380	-	978,084
Golf course	2,190,429	1,440,751	-	-
Total primary government	<u>\$ 78,501,706</u>	<u>\$ 30,001,130</u>	<u>\$ 1,995,817</u>	<u>\$ 1,574,836</u>
Component unit - Downtown Development Authority	<u>\$ 1,091,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes				
Public safety operating levy				
Captured taxes				
State-shared revenues (unrestricted)				
Royalties				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
<b>Change in Net Assets</b>				
<b>Net Assets</b> - Beginning of year				
<b>Net Assets</b> - End of year				

**Statement of Activities**  
**Year Ended December 31, 2006**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (4,448,463)	\$ -	\$ (4,448,463)	\$ -
(22,047,418)	-	(22,047,418)	-
(5,532,583)	-	(5,532,583)	-
(50,449)	-	(50,449)	-
(3,979,414)	-	(3,979,414)	-
(2,874,954)	-	(2,874,954)	-
(256,072)	-	(256,072)	-
(39,189,353)	-	(39,189,353)	-
-	(4,990,892)	(4,990,892)	-
-	(749,678)	(749,678)	-
(39,189,353)	(5,740,570)	(44,929,923)	-
-	-	-	(1,091,992)
8,287,228	-	8,287,228	-
20,489,067	-	20,489,067	-
-	-	-	1,817,888
5,958,485	-	5,958,485	-
1,331,008	-	1,331,008	-
2,331,534	1,149,959	3,481,493	212,256
1,334,198	10,715	1,344,913	136,878
(260,000)	260,000	-	-
39,471,520	1,420,674	40,892,194	2,167,022
282,167	(4,319,896)	(4,037,729)	1,075,030
78,933,697	148,146,681	227,080,378	5,192,527
<b>\$ 79,215,864</b>	<b>\$ 143,826,785</b>	<b>\$ 223,042,649</b>	<b>\$ 6,267,557</b>

# Charter Township of Canton

	General	Police	Fire	Public Improvement
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 7,559,052	\$ 6,321,139	\$ 3,182,865	\$ 3,953,875
Investments (Note 3)	1,546,325	4,474,379	4,830,772	1,731,636
Receivables - Net:				
Property taxes	4,597,938	6,606,753	3,968,124	-
Special assessments	20,914	-	-	-
Accrued interest and other receivables	27,214	49,712	40,500	16,538
Other assets	43,397	227,191	211,914	2,557,725
Due from other funds (Note 6)	3,267,342	348,871	161	-
Due from other governmental units	1,198,529	170	3,623	-
Restricted assets (Note 8)	-	-	-	-
<b>Total assets</b>	<b>\$ 18,260,711</b>	<b>\$ 18,028,215</b>	<b>\$ 12,237,959</b>	<b>\$ 8,259,774</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 651,440	\$ 158,176	\$ 337,333	\$ -
Accrued and other liabilities	241,655	538,025	202,174	-
Due to other funds (Note 6)	138,296	43,353	417,001	285,859
Due to other governmental units	58,184	-	-	-
Cash bonds and deposits	2,230,639	-	-	-
Deferred revenue (Note 5):				
Special assessments	18,646	-	-	-
Property taxes and other	8,925,625	14,076,583	8,454,555	2,557,725
<b>Total liabilities</b>	<b>12,264,485</b>	<b>14,816,137</b>	<b>9,411,063</b>	<b>2,843,584</b>
<b>Fund Balances</b>				
Reserved for encumbrances	166,962	77,324	5,560	-
Unreserved, reported in:				
General Fund:				
Designated for capital outlay	1,409,419	-	-	-
Undesignated	4,419,845	-	-	-
Special Revenue Funds	-	3,134,754	2,821,336	5,416,190
Debt Service Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
<b>Total fund balances</b>	<b>5,996,226</b>	<b>3,212,078</b>	<b>2,826,896</b>	<b>5,416,190</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,260,711</b>	<b>\$ 18,028,215</b>	<b>\$ 12,237,959</b>	<b>\$ 8,259,774</b>

**Governmental Funds  
Balance Sheet  
December 31, 2006**

Community Improvement	Community Center	Cable TV	Building Construction	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 161,571	\$ 60,562	\$ 260,528	\$ -	\$ 4,037,552	\$ 25,537,144
-	-	1,607,677	-	1,997,966	16,188,755
-	-	-	-	-	15,172,815
-	-	-	-	5,366,618	5,387,532
290,646	-	279,375	-	257,000	960,985
-	8,624	-	-	-	3,048,851
333,159	136,304	-	1,190	420,419	4,507,446
-	-	-	-	585,634	1,787,956
-	-	-	-	365,519	365,519
<b>\$ 785,376</b>	<b>\$ 205,490</b>	<b>\$ 2,147,580</b>	<b>\$ 1,190</b>	<b>\$ 13,030,708</b>	<b>\$ 72,957,003</b>
\$ 75,539	\$ 77,937	\$ 5,913	\$ 1,190	\$ 516,235	\$ 1,823,763
-	26,016	5,458	-	248,837	1,262,165
260,000	13,722	24	-	590,449	1,748,704
-	-	-	-	-	58,184
-	-	-	-	-	2,230,639
-	-	-	-	5,094,023	5,112,669
-	-	-	-	496,839	34,511,327
335,539	117,675	11,395	1,190	6,946,383	46,747,451
285,955	1,160	-	-	619,777	1,156,738
-	-	-	-	-	1,409,419
-	-	-	-	-	4,419,845
163,882	86,655	2,136,185	-	2,821,128	16,580,130
-	-	-	-	1,680,983	1,680,983
-	-	-	-	962,437	962,437
449,837	87,815	2,136,185	-	6,084,325	26,209,552
<b>\$ 785,376</b>	<b>\$ 205,490</b>	<b>\$ 2,147,580</b>	<b>\$ 1,190</b>	<b>\$ 13,030,708</b>	<b>\$ 72,957,003</b>

# Charter Township of Canton

## Governmental Funds Reconciliation of Fund Balances to the Statement of Net Assets Year Ended December 31, 2006

<b>Total Fund Balances for Governmental Funds</b>	\$ 26,209,552
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	81,863,062
Capital lease receivable from the Library is not a financial resource and is not reported in the funds	5,274,843
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(39,642,320)
Interest amounts on long-term liabilities are not payable until due in the funds	(357,052)
Prepaid debt service	(250,827)
Land contract receivables expected to be collected in the future	2,557,725
Special assessment and other receivables are expected to be collected over several years and are not available to pay for current year expenditures	4,952,318
Compensated absences are not due and payable in the current period and are not reported in the funds	(2,371,318)
Self-insurance liabilities are not due and payable in the current period and are not reported in the funds	(782,470)
Investment in joint venture is not a financial resource and is not reported in the funds	1,762,351
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 79,215,864</u></b>

# Charter Township of Canton

	General	Police	Fire	Public Improvement
<b>Revenue</b>				
Property taxes	\$ 8,287,228	\$ 13,453,806	\$ 7,035,261	\$ -
Licenses and permits	1,126,088	58,066	-	-
Federal sources	73,517	71,583	26,251	-
State sources	7,174,560	51,035	7,050	-
Charges for services	4,185,674	124,828	672,063	-
Court fees	48,986	-	-	-
Administration charges	4,389,119	-	-	-
Special assessments	-	-	-	-
Royalties	-	-	-	-
Contributions from other governmental units	-	-	-	-
Summit recreation fees	-	-	-	-
Other revenues	1,071,214	677,024	349,219	451,111
<b>Total revenue</b>	<b>26,356,386</b>	<b>14,436,342</b>	<b>8,089,844</b>	<b>451,111</b>
<b>Expenditures</b>				
Current:				
General government	6,714,855	-	-	-
Public safety	78,150	13,431,294	10,256,367	-
Public services	7,892,887	-	-	-
Recreation	4,484,345	-	-	-
Sanitation	3,297,460	-	-	-
Other	-	-	-	16,527
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<b>Total expenditures</b>	<b>22,467,697</b>	<b>13,431,294</b>	<b>10,256,367</b>	<b>16,527</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>3,888,689</b>	<b>1,005,048</b>	<b>(2,166,523)</b>	<b>434,584</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 6)	1,409,419	-	-	-
Transfers out (Note 6)	(2,456,318)	-	-	(1,525,859)
<b>Total other financing sources (uses)</b>	<b>(1,046,899)</b>	<b>-</b>	<b>-</b>	<b>(1,525,859)</b>
<b>Net Change in Fund Balances</b>	<b>2,841,790</b>	<b>1,005,048</b>	<b>(2,166,523)</b>	<b>(1,091,275)</b>
<b>Fund Balances - Beginning of year</b>	<b>3,154,436</b>	<b>2,207,030</b>	<b>4,993,419</b>	<b>6,507,465</b>
<b>Fund Balances - End of year</b>	<b>\$ 5,996,226</b>	<b>\$ 3,212,078</b>	<b>\$ 2,826,896</b>	<b>\$ 5,416,190</b>

**Governmental Funds**  
**Statement of Revenue, Expenditures, and**  
**Changes in Fund Balances**  
**Year Ended December 31, 2006**

Community Improvement	Community Center	Cable TV	Building Construction	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,776,295
-	-	-	-	-	1,184,154
-	-	-	-	576,035	747,386
-	-	-	-	467,016	7,699,661
-	-	-	-	372,640	5,355,205
-	-	-	-	-	48,986
-	445,547	-	-	-	4,834,666
-	-	-	-	730,565	730,565
1,331,008	-	927,186	-	-	2,258,194
-	-	-	-	515,300	515,300
-	965,942	-	-	-	965,942
<u>13,723</u>	<u>502,175</u>	<u>103,812</u>	<u>45,589</u>	<u>863,287</u>	<u>4,077,154</u>
1,344,731	1,913,664	1,030,998	45,589	3,524,843	57,193,508
2,687,122	-	-	-	300,825	9,702,802
-	-	-	-	1,077,263	24,843,074
-	-	-	-	224,908	8,117,795
-	2,432,161	-	-	-	6,916,506
-	-	-	-	-	3,297,460
-	-	1,076,105	-	-	1,092,632
-	-	-	80,525	1,365,965	1,446,490
-	-	-	-	2,406,471	2,406,471
<u>2,687,122</u>	<u>2,432,161</u>	<u>1,076,105</u>	<u>80,525</u>	<u>5,375,432</u>	<u>57,823,230</u>
(1,342,391)	(518,497)	(45,107)	(34,936)	(1,850,589)	(629,722)
1,525,859	614,385	-	-	2,124,687	5,674,350
(260,000)	(94,465)	-	(1,409,419)	(188,289)	(5,934,350)
<u>1,265,859</u>	<u>519,920</u>	<u>-</u>	<u>(1,409,419)</u>	<u>1,936,398</u>	<u>(260,000)</u>
(76,532)	1,423	(45,107)	(1,444,355)	85,809	(889,722)
<u>526,369</u>	<u>86,392</u>	<u>2,181,292</u>	<u>1,444,355</u>	<u>5,998,516</u>	<u>27,099,274</u>
<u>\$ 449,837</u>	<u>\$ 87,815</u>	<u>\$ 2,136,185</u>	<u>\$ -</u>	<u>\$ 6,084,325</u>	<u>\$ 26,209,552</u>

# Charter Township of Canton

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2006

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (889,722)
Amounts reported for governmental activities in the statement of activities are different because:	
Certain revenue reported in the statement of activities in previous years did not provide current financial resources in the governmental funds until the current year	(1,001,174)
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	273,823
Governmental funds report proceeds from fixed asset disposals; in the statement of activities, losses on disposals are reported	(16,303)
Repayment of bond principal and amortization of deferred costs of financing are expenditures in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	2,679,701
Accrued interest is an expenditure in the statement of activities, but not in the governmental funds	96,104
Change in land contract for principal payments received	(24,568)
Prepaid interest is an expenditure in the statement of activities, but not in the governmental funds	(36,908)
Governmental activities record payments received as a reduction in the capital lease receivable; governmental funds record as revenue when received	(277,517)
Accumulated employee sick and vacation pay is recorded when earned in the statement of activities	149,618
Special assessment revenues are recorded in the statement of activities when the assessment is earned (i.e., work is substantially complete); they are not reported in the funds until collected or collectible within 60 days of year end	(250,949)
Grant monies recorded when earned in the statement of activities that did not provide current financial resources	(71,768)
The change in equity interest in 35th District Courthouse Authority is not reported in the governmental funds	99,957
Change in self-insurance liabilities	(448,127)
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 282,167</u></b>



# Charter Township of Canton

## Proprietary Funds Statement of Net Assets December 31, 2006

	Enterprise - Water and Sewer	Golf Course	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 1,127,553	\$ 66,562	\$ 1,194,115
Investments (Note 3)	18,068,304	-	18,068,304
Receivables:			
Customers	5,501,261	-	5,501,261
Accrued interest and other receivables	124,523	-	124,523
Other assets	92,378	2,878	95,256
Due from other funds (Note 6)	1,635,049	260,000	1,895,049
Due from other governmental units	28,927	28,908	57,835
Inventories	510,471	22,459	532,930
Restricted assets (Note 8)	142,975	1,408,762	1,551,737
Total current assets	27,231,441	1,789,569	29,021,010
Noncurrent assets:			
Net unamortized bond issuance costs	-	10,263	10,263
Investment in joint venture - Western Townships			
Utilities Authority (WTUA) (Note 13)	33,300,660	-	33,300,660
Nondepreciable capital assets (Note 4)	1,499,017	9,330,366	10,829,383
Depreciable capital assets - Net (Note 4)	85,149,629	3,026,170	88,175,799
Total noncurrent assets	119,949,306	12,366,799	132,316,105
Total assets	147,180,747	14,156,368	161,337,115
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,650,939	106,434	1,757,373
Accrued and other liabilities	306,965	65,885	372,850
Cash bonds and deposits	1,791,224	-	1,791,224
Due to other funds (Note 6)	2,942,110	1,711,681	4,653,791
Current liabilities payable from restricted assets (Note 8)	141,488	-	141,488
Current portion of long-term liabilities (Note 7)	204,308	487,490	691,798
Total current liabilities	7,037,034	2,371,490	9,408,524
Noncurrent liabilities:			
Net unamortized bond issuance premium	-	11,694	11,694
Provision for compensated absences	51,603	-	51,603
Provision for uninsured losses	308,518	26,828	335,346
Long-term liabilities - Net of current portion (Note 7)	535,000	7,168,163	7,703,163
Total noncurrent liabilities	895,121	7,206,685	8,101,806
Total liabilities	7,932,155	9,578,175	17,510,330
<b>Net Assets</b>			
Investment in capital assets - Net of related debt	85,988,646	5,918,091	91,906,737
Restricted - Debt service	1,487	-	1,487
Unrestricted	53,258,459	(1,339,898)	51,918,561
Total net assets	<u>\$ 139,248,592</u>	<u>\$ 4,578,193</u>	<u>\$ 143,826,785</u>

# Charter Township of Canton

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2006

	Enterprise - Water and Sewer	Golf Course	Total
<b>Operating Revenue</b>			
Sale of water	\$ 8,248,480	\$ -	\$ 8,248,480
Sewage disposal revenues	9,756,870	-	9,756,870
Service charges	299,097	-	299,097
Greens fees and cart rentals	-	1,078,212	1,078,212
Operating lease	-	100,000	100,000
Other revenues	785,702	266,975	1,052,677
Total operating revenue	19,090,149	1,445,187	20,535,336
<b>Operating Expenses</b>			
Recreation	-	1,509,384	1,509,384
Salaries and wages	2,043,096	-	2,043,096
Payroll taxes and fringe benefits	843,149	-	843,149
Insurance	533,522	-	533,522
Supplies	99,713	-	99,713
Engineering fees	85,102	-	85,102
Professional services	255,233	-	255,233
Vehicle expense	133,691	-	133,691
Water purchases	6,856,476	-	6,856,476
Sewage disposal charges	6,487,646	-	6,487,646
Maintenance	504,757	-	504,757
Administration charges	1,981,114	-	1,981,114
Depreciation (Note 4)	2,608,692	305,017	2,913,709
Other expenses	1,923,211	2,500	1,925,711
Total operating expenses	24,355,402	1,816,901	26,172,303
<b>Operating Loss</b>	(5,265,253)	(371,714)	(5,636,967)
<b>Nonoperating Revenue (Expenses)</b>			
Customer connection fees	1,475,510	-	1,475,510
Investment income	1,113,507	36,452	1,149,959
Interest expense	(2,172,954)	(373,528)	(2,546,482)
<b>Operating Loss Before Contributions</b>	(4,849,190)	(708,790)	(5,557,980)
<b>Capital Contributions</b> - Lines constructed by developers	978,084	-	978,084
<b>Transfers from Other Funds</b> (Note 6)	-	260,000	260,000
<b>Change in Net Assets</b>	(3,871,106)	(448,790)	(4,319,896)
<b>Net Assets</b> - Beginning of year	143,119,698	5,026,983	148,146,681
<b>Net Assets</b> - End of year	<u>\$ 139,248,592</u>	<u>\$ 4,578,193</u>	<u>\$ 143,826,785</u>

# Charter Township of Canton

## Proprietary Funds Statement of Cash Flows Year Ended December 31, 2006

	Enterprise - Water and Sewer	Enterprise - Golf Course	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 17,746,596	\$ 1,345,187	\$ 19,091,783
Payments to suppliers and vendors	(15,881,015)	(1,412,134)	(17,293,149)
Payments to employees	(2,695,812)	44,525	(2,651,287)
Payments connected with interfund services	(1,018,023)	-	(1,018,023)
Other receipts (payments)	(1,134,319)	68,592	(1,065,727)
Net cash provided by (used in) operating activities	(2,982,573)	46,170	(2,936,403)
<b>Cash Flows from Noncapital Financing Activities</b> - Transfers from other funds	-	170,654	170,654
<b>Cash Flows from Capital and Related Financing Activities</b>			
Investment in joint venture	(4,335,925)	-	(4,335,925)
Purchase of capital assets	(835,111)	(184,377)	(1,019,488)
Connection fees	1,475,510	-	1,475,510
Proceeds from issuance of debt	-	1,360,000	1,360,000
Principal and interest paid on capital debt	(2,441,454)	(1,114,401)	(3,555,855)
Net cash provided by (used in) capital and related financing activities	(6,136,980)	61,222	(6,075,758)
<b>Cash Flows from Investing Activities</b>			
Interest received on investments	780,698	36,452	817,150
Purchase of investment securities	(2,267,000)	-	(2,267,000)
Sale of investment securities	11,359,624	-	11,359,624
Net cash provided by investing activities	9,873,322	36,452	9,909,774
<b>Net Increase in Cash and Cash Equivalents</b>	753,769	314,498	1,068,267
<b>Cash and Cash Equivalents</b> - Beginning of year	516,759	1,160,826	1,677,585
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 1,270,528</u>	<u>\$ 1,475,324</u>	<u>\$ 2,745,852</u>
<b>Statement of Net Assets Classification of Cash and Cash Equivalents</b>			
Cash and cash equivalents	\$ 1,127,553	\$ 66,562	\$ 1,194,115
Restricted assets (Note 8)	142,975	1,408,762	1,551,737
Total cash and cash equivalents	<u>\$ 1,270,528</u>	<u>\$ 1,475,324</u>	<u>\$ 2,745,852</u>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>			
Operating loss	\$ (5,265,253)	\$ (371,714)	\$ (5,636,967)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	2,608,692	305,017	2,913,709
Loss on disposal of assets	3,190	-	3,190
Changes in assets and liabilities:			
Receivables	(315,573)	-	(315,573)
Due from other funds	(855,558)	-	(855,558)
Due from other governmental units	(13,773)	(28,908)	(42,681)
Inventory	184,581	(5,101)	179,480
Other assets	(43,286)	9,991	(33,295)
Accounts payable	(240,413)	92,360	(148,053)
Accrued and other liabilities	(911,869)	31,040	(880,829)
Cash bonds and deposits	(242,278)	-	(242,278)
Provisions for compensated absences and uninsured losses	290,318	13,485	303,803
Due to other funds	1,818,649	-	1,818,649
Net cash provided by (used in) operating activities	<u>\$ (2,982,573)</u>	<u>\$ 46,170</u>	<u>\$ (2,936,403)</u>

**Noncash Investing, Capital, and Financing Activities** - During the year ended December 31, 2006, developers constructed water and sewer lines with an estimated value of \$978,084 and donated them to the Charter Township's Water and Sewer Fund. The Township's Water and Sewer Fund also recognized an unrealized gain on investments of \$369,514.

# Charter Township of Canton

## Fiduciary Funds Statement of Net Assets December 31, 2006

	Pension and Other Employee Benefits Fund	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 3,386,113	\$ 17,498,849
Receivables - Accrued interest and other	13,377	-
Total assets	3,399,490	<u>\$ 17,498,849</u>
<b>Liabilities</b>		
Cash bonds and deposits	-	\$ 280,531
Due to other governmental units	-	17,218,318
Accounts payable	25,349	-
Total liabilities	25,349	<u>\$ 17,498,849</u>
<b>Net Assets</b> - Held in trust for pension and other employee benefits		<u>\$ 3,374,141</u>

# Charter Township of Canton

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## Fiduciary Funds Statement of Changes in Net Assets Year Ended December 31, 2006

	<u>Pension and Other Employee Benefits Fund</u>
<b>Additions</b>	
Contributions (Employer only)	\$ 939,466
Investment income - Interest and dividends	<u>292,843</u>
Total additions	1,232,309
<b>Deductions - Benefit payments</b>	<u>626,008</u>
<b>Net Increase</b>	606,301
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	
Beginning of year	<u>2,767,840</u>
End of year	<u><u>\$ 3,374,141</u></u>

# Charter Township of Canton

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**Notes to Financial Statements  
December 31, 2006**

## **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Charter Township of Canton (the "Charter Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Canton:

### **Reporting Entity**

The Charter Township of Canton is governed by an elected seven-member board of trustees. The accompanying financial statements present the Charter Township and its component units, entities for which the Charter Township is considered to be financially accountable.

**Blended Charter Township Building Authority** - The Charter Township Building Authority (the "Building Authority") is governed by a board that is appointed by the Charter Township supervisor and approved by the board of trustees. Although it is legally separate from the Charter Township, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the Charter Township's public buildings. The Building Authority's net assets and activities have been included as a Capital Project Fund.

**Discretely Presented Component Unit** - The following component unit is reported within the component unit column in the combined financial statements. It is reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the Charter Township. The Charter Township has the ability to impose its will upon the Downtown Development Authority (DDA).

The DDA was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the district. The DDA's governing body, which consists of 11 individuals, is selected by the Charter Township supervisor. Although no separate financial statements are prepared for this component unit, all financial information can be obtained from the Charter Township's finance department. The Charter Township has the ability to impose its will upon the DDA.

Financial statements for the DDA are available during office hours at the Charter Township of Canton, 1150 S. Canton Center Road, Canton, MI 48188.

The Canton Public Library (the "Library") is not a component unit and has not been included in the Charter Township's financial statements. The Library holds its own cash and investments in accounts separate from the control of the Charter Township treasurer. The Library Board is elected directly, and it is fiscally independent.

## **Note I - Summary of Significant Accounting Policies (Continued)**

### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## **Note I - Summary of Significant Accounting Policies (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Charter Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Street Lighting Fund has a “service type” special assessment that is billed in 2006 for services performed in 2007. Therefore, the revenue is recognized in 2007 and classified as unearned revenue within the government-wide statements.

The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a “deferred revenue” liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Charter Township reports the following major governmental funds:

- The General Fund is the Charter Township’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Police Fund is a full-service department consisting of 79 sworn personnel and 36 civilian employees. The main source of revenue for the police department comes from a voter-approved special assessment on all real property.
- The Fire Fund has a full-service fire department consisting of 52 sworn fire personnel and three support personnel, which provides fire suppression, fire prevention, and emergency medical service. The main source of revenue for the fire department comes from a voter-approved special assessment on real property.
- The Public Improvement Fund accounts for special community projects such as road improvements and building construction. Revenues come from property sales and General Fund contributions.



# Charter Township of Canton

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**Notes to Financial Statements  
December 31, 2006**

## **Note I - Summary of Significant Accounting Policies (Continued)**

- The Community Improvement Fund accounts for royalty payments for solid waste deposited in two privately owned landfills in the Charter Township, although only one remains open at this time. The money from this fund is used to fund community improvements and recreation projects, not for operations.
- The Community Center Fund accounts for the activity of Canton's Summit on the Park. Revenue consists primarily of user charges associated with the athletic center and rentals from the banquet facility.
- The Cable TV Fund accounts for royalty revenues and expenditures related to cable TV operations. Franchise fee revenues are paid to the Charter Township based on a percentage of cable TV subscriber fees. Expenditures in this fund are to provide for local cable TV programming services.
- The Building Construction Fund accounts for all Charter Township construction activity that is not funded by the Building Authority Bonds.

The Charter Township reports the following major proprietary funds:

- The Water and Sewer Fund accounts for the results of operations that provide water and sewer services to citizens, financed primarily by a user charge for the provision of those services.
- The Golf Course Fund accounts for the activities of both the Fellows Creek Golf Course and the Pheasant Run Golf Course. Revenue from both courses is combined to fund overall golf operations.

Additionally, the Charter Township reports the following fund types:

- The Postemployment Benefit Fund accounts for the accumulation of resources to provide for retiree health insurance premium costs.
- Agency Funds account for assets held by the Charter Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Charter Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

# Charter Township of Canton

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**Notes to Financial Statements  
December 31, 2006**

## **Note 1 - Summary of Significant Accounting Policies (Continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Charter Township's water and sewer function and various other functions of the Charter Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with proprietary funds' principal on-going operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the Charter Township's policy to use restricted resources first, then unrestricted resources as they are needed.

### **Property Tax Revenue**

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Charter Township's 2005 tax is levied and collectible on December 1, 2005 and is recognized as revenue in the year ended December 31, 2006, when the proceeds of the levy are budgeted and available for the financing of operations.

# Charter Township of Canton

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## Notes to Financial Statements December 31, 2006

### Note 1 - Summary of Significant Accounting Policies (Continued)

The 2005 taxable valuation of the Charter Township totaled approximately \$3,522 million (a portion of which is abated and a portion of which is captured by the DDA), on which taxes levied consisted of 2.3660 mills for operating purposes, 2.1580 mills for fire operating services, and 4.1260 mills for police operating. This resulted in approximately \$8.3 million for operating, \$7.0 million for fire operating, and \$13.5 million for police operating. All tax amounts are recognized in the respective General, Police, and Fire Funds' financial statements as tax revenue.

#### **Assets, Liabilities, and Net Assets or Equity**

**Cash and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets** - The county contract related to bonds of the Water and Sewer Fund requires amounts to be set aside for debt service principal and interest. These amounts have been classified as restricted assets. The Charter Township has also restricted assets in the governmental activities for unspent bond proceeds and contributions from developers. Additionally, the component unit also has restricted assets for unspent bond proceeds.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road rights, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Charter Township as assets with an initial individual cost of more than \$250 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 1 - Summary of Significant Accounting Policies (Continued)

Capital assets (other than land and construction in progress) are depreciated using the straight-line method over the following useful lives:

Infrastructure	25 years
Buildings and improvements	40 years
Vehicles	5 years
Furniture, fixtures, and equipment	7 to 15 years
Computer equipment	3 to 5 years
Land improvements	15 years
Water and sewer distribution systems	50 years

**Compensated Absences** - It is the Charter Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. The liability for unpaid accumulated sick leave is limited to certain employment groups that receive payment for unused sick leave when those employees separate from service with the Charter Township. All sick and vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds as it comes due for payment (when employees terminate).

**Long-term Obligations** - Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**Net Assets** - In the government-wide financial statements, net assets that are legally restricted by outside parties for use for a specific purpose are shown as restricted. The following restrictions apply to net assets as of December 31, 2006:

- **Police and Fire** - Special tax levies to fund police and fire activities
- **Western Wayne Criminal Investigation** - Amounts directed by consortium for funding various narcotics and auto theft programs
- **Street Lighting** - Special assessment tax levy to fund street lighting program

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 1 - Summary of Significant Accounting Policies (Continued)

- **911 Activities** - Fees collected to fund 911 activities
- **Debt Service** - Amounts remaining from debt issuance related to special assessments and amounts collected from residents in special assessment districts that must be used to service the related outstanding debt

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

### Note 2 - Stewardship, Compliance, and Accountability

**State Construction Code Act** - The Charter Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Charter Township charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and cumulative shortfall is as follows:

Cumulative shortfall at January 1, 2006		\$ (2,609,206)
Building permit revenue		1,101,796
Related expenses:		
Direct costs	\$ 1,686,825	
Estimated indirect costs	<u>1,014,104</u>	
Total construction code expenses		<u>2,700,929</u>
Cumulative shortfall at December 31, 2006		<u>\$ (4,208,339)</u>

## **Note 3 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Postemployment Benefits Fund is also authorized to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Charter Township has designated 16 banks for the deposit of its funds. The investment policy adopted by the Charter Township in accordance with Public Act 20 of 1943 (as amended) authorizes investments in U.S. Treasuries, U.S. agencies and instrumentalities, certificates of deposit, commercial paper (meeting certain rating and maturity requirements), investment pools, and mutual funds. The treasurer may invest in investment pools organized under the Local Government Investment Pool Act of 1985 and under the Urban Cooperation Act of 1967. For mutual funds, the treasurer may invest in funds registered under the Investment Company Act of 1940. This authorization is limited to investment pools and mutual funds whose intent is to maintain a net asset value of \$1.00 per share and allows for indirect investment in repurchase agreements and bankers' acceptances of United States banks, as allowable for direct investment by public corporations.

The Charter Township's cash and investments are subject to several types of risk, which are examined in more detail below:

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 3 - Deposits and Investments (Continued)

#### Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Charter Township's deposits may not be returned to it. The Charter Township does not have a deposit policy for custodial credit risk. At year end, the Charter Township had \$54,802,968 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized; the component unit had \$2,680,042 of uninsured and uncollateralized bank deposits. In addition, the Charter Township has \$3,554,345 of negotiable certificates of deposit, of which \$1,399,699 is FDIC insured. The Charter Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

#### Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Charter Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
<b>Government-wide</b>		
Money markets	\$ 3,411,115	0 months
Federal National Mortgage Association	5,264,930	4.5 months
Federal Home Loan Bank	20,394,742	8.0 months
Federal Home Loan Mortgage Corporation	1,943,582	7.9 months
Negotiable certificates of deposit	3,554,345	5.5 months
U.S. Treasury	22,510	3.1 years
<b>Component Unit</b>		
Money markets	459,710	0 months
Federal National Mortgage Association	995,630	3.9 years
Federal Home Loan Bank	666,650	9.8 months

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 3 - Deposits and Investments (Continued)

#### Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Charter Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
<b>Government-wide</b>			
Money market	\$ 1,287,410	Unrated	N/A
Money market	2,247,384	AAA	S&P
Federal National Mortgage Association	5,264,930	AAA	S&P
Pooled investments	109,314	Unrated	N/A
Federal Home Loan Mortgage Corporation	1,943,582	AAA	S&P
J Funds	70,018	AI	S&P
Negotiable certificates of deposit	3,554,345	Unrated	N/A
Federal Home Loan Bank	20,394,742	AAA	S&P
<b>Component Unit</b>			
Money market	459,710	AAA	S&P
Federal National Mortgage Association	995,630	AAA	S&P
Federal Home Loan Bank	666,650	AAA	S&P

The above amounts do not include approximately \$2,676,000 of investments in the Municipal Employees' Retirement System (MERS) Retiree Health Funding Vehicle which are held in a separate reserve but invested on a pooled basis by MERS with other governmental units.



# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 4 - Capital Assets

Capital asset activity of the Charter Township's governmental and business-type activities was as follows:

	Balance January 1, 2006	Additions	Disposals	Balance December 31, 2006
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 15,653,102	\$ 344,396	\$ -	\$ 15,997,498
Construction in progress	29,075	783,990	-	813,065
Subtotal	15,682,177	1,128,386	-	16,810,563
Capital assets being depreciated:				
Infrastructure	11,271,971	1,151,842	-	12,423,813
Buildings and improvements	61,821,293	44,083	-	61,865,376
Vehicles	6,916,244	1,676,073	(40,756)	8,551,561
Furniture, fixtures, and equipment	13,682,985	209,377	(8,835)	13,883,527
Computer equipment	1,373,000	108,986	(32,188)	1,449,798
Subtotal	95,065,493	3,190,361	(81,779)	98,174,075
Accumulated depreciation:				
Infrastructure	5,560,836	509,529	-	6,070,365
Buildings and improvements	9,817,857	1,551,197	-	11,369,054
Vehicles	4,916,095	733,404	(24,454)	5,625,045
Furniture, fixtures, and equipment	7,889,816	964,734	(8,835)	8,845,715
Computer equipment	957,524	286,060	(32,187)	1,211,397
Subtotal	29,142,128	4,044,924	(65,476)	33,121,576
Net capital assets being depreciated	65,923,365	(854,563)	(16,303)	65,052,499
Net governmental capital assets	<u>\$ 81,605,542</u>	<u>\$ 273,823</u>	<u>\$ (16,303)</u>	<u>\$ 81,863,062</u>

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 4 - Capital Assets (Continued)

<b>Business-type Activities</b>	Balance January 1, 2006	Additions	Adjustments	Disposals	Balance December 31, 2006
Capital assets not being depreciated:					
Land	\$ 10,701,413	\$ -	\$ -	\$ -	\$ 10,701,413
Construction in progress	<u>2,644,318</u>	<u>749,391</u>	<u>(3,265,739)</u>	<u>-</u>	<u>127,970</u>
Subtotal	13,345,731	749,391	(3,265,739)	-	10,829,383
Capital assets being depreciated:					
Land improvements	1,356,181	42,410	-	-	1,398,591
Water and sewer distribution systems	109,739,471	978,083	3,265,739	-	113,983,293
Buildings and building improvements	10,295,331	-	-	(19,241)	10,276,090
Vehicles and equipment	5,936,052	205,696	-	-	6,141,748
Office furnishings	2,060,451	21,057	-	-	2,081,508
Computer equipment	<u>66,682</u>	<u>935</u>	<u>-</u>	<u>-</u>	<u>67,617</u>
Subtotal	129,454,168	1,248,181	3,265,739	(19,241)	133,948,847
Accumulated depreciation:					
Land improvements	915,035	82,308	-	-	997,343
Water and sewer distribution systems	33,794,082	2,153,314	-	-	35,947,396
Buildings and building improvements	1,944,684	272,399	-	(16,051)	2,201,032
Vehicles and equipment	4,640,239	291,262	-	-	4,931,501
Office furnishings	1,521,639	101,955	-	-	1,623,594
Computer equipment	<u>59,711</u>	<u>12,471</u>	<u>-</u>	<u>-</u>	<u>72,182</u>
Subtotal	<u>42,875,390</u>	<u>2,913,709</u>	<u>-</u>	<u>(16,051)</u>	<u>45,773,048</u>
Net capital assets being depreciated	<u>86,578,778</u>	<u>(1,665,528)</u>	<u>3,265,739</u>	<u>(3,190)</u>	<u>88,175,799</u>
Net business-type capital assets	<u>\$ 99,924,509</u>	<u>\$ (916,137)</u>	<u>\$ -</u>	<u>\$ (3,190)</u>	<u>\$ 99,005,182</u>

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 4 - Capital Assets (Continued)

Capital asset activity of the Charter Township's component unit was as follows:

Component Unit	Balance January 1, 2006	Additions	Disposals	Balance December 31, 2006
Capital assets not being depreciated - Construction in progress	\$ -	\$ 254,496	\$ -	\$ 254,496
Capital assets being depreciated:				
Infrastructure	1,216,623	144,937	-	1,361,560
Buildings	13,258	-	-	13,258
Furniture, fixtures, and equipment	<u>2,930,352</u>	<u>506,540</u>	<u>-</u>	<u>3,436,892</u>
Subtotal	4,160,233	651,477	-	4,811,710
Accumulated depreciation:				
Infrastructure	361,789	71,743	-	433,532
Buildings	331	331	-	662
Furniture, fixtures, and equipment	<u>1,458,224</u>	<u>187,541</u>	<u>-</u>	<u>1,645,765</u>
Subtotal	<u>1,820,344</u>	<u>259,615</u>	<u>-</u>	<u>2,079,959</u>
Net capital assets being depreciated	<u>2,339,889</u>	<u>391,862</u>	<u>-</u>	<u>2,731,751</u>
Net component unit capital assets	<u>\$ 2,339,889</u>	<u>\$ 646,358</u>	<u>\$ -</u>	<u>\$ 2,986,247</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
General government	\$ 793,175
Public safety	1,125,377
Public works	715,526
Building, planning, and engineering	97,045
Recreation and culture	<u>1,313,801</u>
Total governmental activities	<u>\$ 4,044,924</u>
Business-type activities:	
Water and sewer	\$ 2,608,692
Golf course	<u>305,017</u>
Total business-type activities	<u>\$ 2,913,709</u>

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 4 - Capital Assets (Continued)

**Construction Commitments** - The Charter Township has active construction projects at year end related primarily to the expansion of the parks/golf maintenance building and the victory park facility as well as construction of two intersections. At year end, the Charter Township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Fellows Creek Golf Course	\$ 133,598	\$ 1,266,402
Parks maintenance building	834,628	218,327
Intersection projects	1,192,083	478,119
Other	<u>344,123</u>	<u>267,779</u>
Total	<u>\$ 2,504,432</u>	<u>\$ 2,230,627</u>

### Note 5 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Special assessments	\$ 4,872,318	\$ 240,351	\$ 5,112,669
Property taxes and other	<u>2,637,725</u>	<u>31,873,602</u>	<u>34,511,327</u>
Total	<u>\$ 7,510,043</u>	<u>\$ 32,113,953</u>	<u>\$ 39,623,996</u>

The component unit reported unearned property tax revenue in the amount of \$2,154,327.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from other funds:		
General Fund	Police	\$ 10,030
	Community Center	8,070
	Water and Sewer	2,942,110
	Nonmajor governmental funds	<u>307,132</u>
	Total General Fund	3,267,342
Special Revenue Funds:		
Fire	Community Center	69
	Golf Course	<u>92</u>
	Total Fire	161
Police	Fire	348,814
	Community Center	<u>57</u>
	Total Police	348,871
Community Center	Golf Course	136,304
Community Improvement	Fire	47,300
	Public Improvement	<u>285,859</u>
	Total Community Improvement	333,159
Building Construction	General	1,190
Nonmajor governmental funds	General	137,106
	Cable TV	24
	Nonmajor governmental funds	<u>283,289</u>
	Total nonmajor governmental funds	<u>420,419</u>
	Total governmental funds	4,507,446

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Receivable Fund	Payable Fund	Amount
Due to/from other funds (Continued):		
Enterprise Funds -		
Water and Sewer	Fire	\$ 20,887
	Police	33,323
	Golf Course	1,575,285
	Community Center	5,526
	Nonmajor governmental funds	<u>28</u>
	Total Water and Sewer	1,635,049
Golf Course	Community Improvement	<u>260,000</u>
	Total Enterprise funds	<u>1,895,049</u>
	Total	<u>\$ 6,402,495</u>

These balances result from the time lag between the dates that good and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund statements were as follows:

Fund Transferred From	Fund Transferred To	Amount
General	Community Center (1)	\$ 614,385
	Nonmajor governmental funds (2,3)	<u>1,841,933</u>
	Total General Fund	2,456,318
Community Improvement	Golf Course (1)	260,000
Community Center	Nonmajor governmental funds (3)	94,465
Building Construction	General Fund (2)	1,409,419
Public Improvement	Community Improvement (2)	1,525,859
Nonmajor governmental funds	Nonmajor governmental funds (3)	<u>188,289</u>
	Total governmental funds	<u>\$ 5,934,350</u>

The following describes the nature of significant transfers:

- (1) Transfers of discretionary funds to be used for the benefit of the community
- (2) Transfers for capital improvements
- (3) Transfers for debt service

### Note 7 - Long-term Debt

The Charter Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Charter Township. County contractual agreements are also general obligations of the Charter Township. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Charter Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
1998 Building Authority Bonds (Softball Center):							
Amount of issue - \$2,500,000							
Maturing through 2008							
3.75%	\$300,000	\$ 900,000	\$ -	\$ (300,000)	\$ 600,000	\$ 300,000	
1999 (Refunded Bonds) Building Authority Bonds (Library)*:							
Amount of issue - \$6,000,000							
Maturing through 2020							
5.20%	\$250,000	750,000	-	(250,000)	500,000	250,000	
2000 (Refunded Bonds) Building Authority Recreation Bonds (debt issue split between governmental and business-type activities):							
Amount of issue - \$2,100,000							
Maturing through 2020							
4.75% - 6.75%	\$70,000 - \$105,000	420,000	-	(70,000)	350,000	70,000	
Limited Tax General Obligations:							
2003 Capital Improvement (Limited Tax):							
Amount of issue - \$23,000,000							
Maturing through 2023							
2.50% - 4.50%	\$550,000 - \$2,100,000	22,250,000	-	(450,000)	21,800,000	550,000	
Limited Tax General Obligations Series 2003:							
Amount of issue - \$2,675,000							
Maturing through 2016							
2.50% - 3.90%	\$207,807 - \$297,475	2,473,305	-	(423,762)	2,049,543	207,807	
2004 Capital Improvement (Limited Tax) - Fire Station:							
Amount of issue - \$2,500,000							
Maturing through 2014							
3.00% - 3.65%	\$200,000 - \$325,000	2,350,000	-	(200,000)	2,150,000	200,000	
Limited Tax General Obligation Refunding Bonds, Series 2005 (debt issue split between governmental and business-type activities)							
Amount of issue - \$9,450,000							
Maturing through 2020							
2.65% - 4.50%	\$30,250 - \$681,500	6,473,500	-	(30,250)	6,443,250	30,250	
Deferred cost of financing							
		(455,865)		30,392	(425,473)	(30,392)	
Special Assessment Bonds:							
1996 Special Assessment Bonds:							
Amount of issue - \$1,590,000							
Maturing through 2006							
4.375%	\$200,000	200,000	-	(200,000)	-	-	
1997 Special Assessment Bonds:							
Amount of issue - \$2,140,000							
Maturing through 2007							
5.00%	\$200,000	400,000	-	(200,000)	200,000	200,000	
1998 Special Assessment Bonds:							
Amount of issue - \$3,480,000							
Maturing through 2008							
3.65%	\$375,000 - \$400,000	1,175,000	-	(400,000)	775,000	400,000	
2004 Special Assessment Bond:							
Amount of issue - \$4,100,000							
Maturing through 2018							
3.00% - 4.25%	\$50,000 - \$400,000	4,100,000	-	(400,000)	3,700,000	400,000	
2004 Special Assessment Bond:							
Amount of issue - \$1,500,000 ***							
Maturing through 2011							
5.45%	\$500,000	1,500,000	-	-	1,500,000	-	
Total bond obligations			42,535,940	-	(2,893,620)	39,642,320	2,577,665
Other long-term obligations:							
Accumulated employee benefits**			2,520,936	2,072,438	(2,222,056)	2,371,318	1,168,653
Provision for uninsured losses**			334,343	448,127	-	782,470	-
Total other long-term obligations			2,855,279	2,520,565	(2,222,056)	3,153,788	1,168,653
Total governmental activities			45,391,219	2,520,565	(5,115,676)	42,796,108	3,746,318

\* The Library Building Authority bonds debt service requirements are being provided by the Canton Township Library. The Charter Township and the Library have entered into an agreement that calls for annual payments from the Library equal to the debt service requirements on the bonds. A portion of the bond was refunded during the year ended December 31, 2005, although it did not change the terms of the capital lease. A capital lease for \$5,274,843 has been recorded at December 31, 2006.

\*\* For the governmental activities, accumulated benefits and provision for uninsured losses are normally liquidated by the General Fund, Police Fund, and Fire Fund. See also Note 9.

\*\*\* Bonds have a variable interest rate; the rate was 5.450% as of December 31, 2006 and is determined by the prime rate.



# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>							
General Obligation Bonds:							
Building Authority Recreation Bonds, Series 2000 (Refunded Bonds) (debt issue split between governmental and business-type activities):							
Amount of issue - \$3,900,000	4.75% -	\$130,000 -					
Maturing through 2020	6.75%	\$195,000	\$ 780,000	\$ -	\$ (130,000)	\$ 650,000	\$ 130,000
Building Authority Limited Tax GO Bonds:							
Amount of issue - \$3,890,000	2.50% -	\$302,193 -					
Maturing through 2016	3.90%	\$482,525	3,596,694	-	(616,237)	2,980,457	302,193
Limited Tax General Obligation Refunding Bonds, Series 2005 (debt issue split between governmental and business-type activities):							
Amount of issue - \$9,450,000	4.50%	\$383,500	2,866,500	-	(9,750)	2,856,750	9,750
Maturing through 2020							
Deferred cost of financing			(205,237)		13,683	(191,554)	(13,683)
Limited Tax General Obligation Refunding Bonds, Series 2006 (debt issue split between business-type and component unit activities):							
Amount of issue - \$1,360,000	4.00%	\$55,172 -					
Maturing through 2018		\$165,517	-	1,360,000		1,360,000	59,230
County contractual obligations:							
Wayne County Metropolitan Sewage Disposal System Bonds							
Amount of issue - \$2,500,000	4.25% -						
Maturing through 2007	5.00%	\$140,000	280,000	-	(140,000)	140,000	140,000
Michigan State Revolving Loan Fund: Amount of issue - \$2,295,000							
Maturing through 2012	2.00%	\$125,000 - \$140,000	785,000	-	(125,000)	660,000	125,000
Total bonds and other contractual obligations			8,102,957	1,360,000	(1,007,304)	8,455,653	752,490
Less current portion payable from restricted assets			140,000	-	-	140,000	140,000
Total bonds and other contractual obligations, net of current portion			7,962,957	1,360,000	(1,007,304)	8,315,653	612,490
Other long-term obligations:							
Accumulated employee benefits			105,622	238,561	(213,272)	130,911	79,308
Provision for uninsured losses			56,832	-	278,514	335,346	-
Total other long-term obligations			162,454	238,561	65,242	466,257	79,308
Total business-type activities			8,125,411	1,598,561	(942,062)	8,781,910	691,798
Total governmental and business-type activities			\$ 53,516,630	\$ 4,119,126	\$ (6,057,738)	\$ 51,578,018	\$ 4,438,116
<b>Component Unit</b>							
General obligation bonds:							
1994 Downtown Development Bonds:							
Amount of issue - \$850,000	5.70% -	\$80,000 -					
Maturing through 2009	5.85%	\$95,000	\$ 340,000	\$ -	\$ (75,000)	\$ 265,000	\$ 80,000
1999 Downtown Development Bonds:							
Amount of issue - \$1,500,000	4.00% -	\$100,000 -					
Maturing through 2014	4.60%	\$150,000	1,125,000	-	(100,000)	1,025,000	100,000
2006 Downtown Development Bonds (debt issue split between business-type and component unit activities):							
Amount of issue - \$8,500,000	4.00% -	\$344,828 - \$1,034,483					
Maturing through 2018			-	8,500,000	-	8,500,000	344,828
Total component unit bond obligations			\$ 1,465,000	\$ 8,500,000	\$ (175,000)	\$ 9,790,000	\$ 524,828

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above bonds, contractual, and note obligations are as follows:

	Governmental Activities			Business-type Activities			Component Units		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 2,608,057	\$ 1,472,742	\$ 4,080,799	\$ 766,173	\$ 328,988	\$ 1,095,161	\$ 524,828	\$ 510,700	\$ 1,035,528
2008	2,456,669	1,385,600	3,842,269	664,446	300,726	965,172	534,828	473,308	1,008,136
2009	2,518,340	1,312,380	3,830,720	735,625	273,865	1,009,490	651,034	438,680	1,089,714
2010	2,647,139	1,248,147	3,895,286	808,551	249,280	1,057,831	629,310	314,011	943,321
2011	2,813,437	1,176,286	3,989,723	853,114	221,011	1,074,125	728,448	286,294	1,014,742
2012-2016	11,747,651	4,547,215	16,294,866	3,129,762	668,970	3,798,732	4,652,586	883,130	5,535,716
2017-2021	11,176,500	2,304,712	13,481,212	1,689,536	154,941	1,844,477	2,068,966	82,759	2,151,725
2022-2023	4,100,000	276,496	4,376,496	-	-	-	-	-	-
Total	\$ 40,067,793	\$ 13,723,578	\$ 53,791,371	\$ 8,647,207	\$ 2,197,781	\$ 10,844,988	\$ 9,790,000	\$ 2,988,882	\$ 12,778,882

**Defeased Debt** - In prior years, the Township defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At December 31, 2006, \$9,075,000 of bonds outstanding are considered defeased.

### Note 8 - Restricted Assets

The balance of restricted assets is as follows:

	Governmental Activities	Business-type Activities	Component Units
Cash and equivalents:			
Contributions from developers	\$ 365,519	\$ -	\$ -
Unspent bond proceeds	-	1,408,762	8,553,189
Bond reserves	-	142,975	-
Total	\$ 365,519	\$ 1,551,737	\$ 8,553,189

The business-type net assets have been restricted in the amount of \$1,487 for the net amount of current maturities of long-term debt and restricted bond reserves.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 9 - Risk Management

The Charter Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Charter Township has purchased commercial insurance for medical claims and participates in the Michigan Municipal Risk Management Authority for claims relating to property and general liability. The Charter Township is uninsured for employee injuries (workers' compensation).

Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Charter Township.

The Charter Township estimates the liability for property loss, general liability, and employee injuries claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported.

Changes in the estimated liability for the past two fiscal years were as follows:

	<u>2006</u>	<u>2005</u>
Estimated liability - Beginning of year	\$ 391,175	\$ 479,673
Estimated claims incurred, including changes in estimates	1,160,133	173,743
Claim payments, administration fees, and excess payments	<u>(433,491)</u>	<u>(262,241)</u>
Estimated liability - End of year	<u>\$ 1,117,817</u>	<u>\$ 391,175</u>

# Charter Township of Canton

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**Notes to Financial Statements  
December 31, 2006**

## **Note 10 - Defined Contribution Retirement Plan**

The Charter Township participates in the Charter Township of Canton Retirement Plan, a defined contribution plan, which is administered by The Charles Schwab Trust Co. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate as of the date of employment. As established by the Charter Township Board, the Charter Township contributes 15 percent of employees' gross earnings and employees contribute 5 percent of earnings. In accordance with these requirements, the Charter Township contributed approximately \$1,078,000 during the current year, and employees contributed approximately \$359,000.

## **Note 11 - Defined Benefit Pension Plan**

The Charter Township participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit plan that covers all nonunion and union employees that choose to participate by majority vote. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The MERS issues a publicly available financial report that includes financial statements and required supplementary information for the MERS. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, MI 48917.

### **Funding Policy**

The obligation to contribute to and maintain the MERS for these full-time employees was established by the Charter Township's board of trustees and requires a contribution from the employees of 5 percent of gross wages and a contribution from the employer ranging from 6.42 percent to 15.79 percent of participating employees' gross wages depending on their membership agreement.

# Charter Township of Canton

## Notes to Financial Statements December 31, 2006

### Note 11 - Defined Benefit Pension Plan (Continued)

#### Annual Pension Cost

For the year ended December 31, 2006, the Charter Township's annual pension cost of \$2,613,122 for the plan was equal to the required and actual contribution. The 2006 annual required contribution was determined as part of the actuarial valuation as of December 31, 2004, using the entry age normal cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent per year plus percentage based on an age-related scale to reflect merit longevity and promotional salary increases, and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a 10-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period is 30 years.

Additional actuarial information for the Municipal Employees' Retirement System of Michigan is as follows:

	Year Ended December 31		
	2006	2005	2004
Annual pension cost (APC)	\$ 2,613,122	\$ 1,247,800	\$ 697,085
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

	December 31		
	2005	2004	2003
Actuarial value of assets	\$ 27,793,881	\$ 25,045,702	\$ 22,143,453
Actuarial accrued liability (AAL) (entry age)	\$ 35,268,889	\$ 31,978,973	\$ 26,889,198
Unfunded AAL (UAAL)	\$ 7,475,008	\$ 6,933,271	\$ 4,745,745
Funded ratio	78.81%	78.32%	82.35%
Covered payroll	\$ 9,019,572	\$ 8,384,603	\$ 7,988,306
UAAL as a percentage of covered payroll	82.88%	82.69%	59.41%

# Charter Township of Canton

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## Notes to Financial Statements December 31, 2006

### Note 12 - Postemployment Benefits

The Charter Township provides health care benefits to certain full-time employees, based on age and years of service, upon retirement in accordance with labor contracts. Currently, 71 retirees are eligible. The Charter Township includes pre-Medicare retirees and their dependents in its insured health care plan, with no contributions required by the participants. The Charter Township purchases Medicare supplemental insurance for retirees eligible for Medicare. Expenditures for postemployment health care benefits are recognized as the insurance premiums become due. Postemployment benefits paid during the current year amounted to approximately \$626,000.

**Upcoming Reporting Change** - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

### Note 13 - Joint Ventures

The Charter Township is a member of the Western Townships Utilities Authority (WTUA), which provides sewage disposal services to the residents of Canton, Northville, and Plymouth Townships. The participating communities provide annual funding for its operations. During the current year, the Charter Township paid approximately \$12,414,000 to WTUA for operations, debt, and capital. The Charter Township's equity interest is recorded within the Water and Sewer Fund. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for WTUA can be obtained from the administrative offices at 40905 Joy Road, Canton, Michigan 48187.

# Charter Township of Canton

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**Notes to Financial Statements  
December 31, 2006**

## **Note 13 - Joint Ventures (Continued)**

The Charter Township is a member of the 35<sup>th</sup> District Court System and has an equity interest in the 35<sup>th</sup> District Courthouse Authority (the "Courthouse"), which provides judicial services to the Charter Township and various other surrounding communities. The Charter Township appoints one member to the joint venture's board, which then approves the annual budget. The Charter Township's equity interest is recorded within the governmental activities column in the statement of net assets. The Charter Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. The Charter Township and various other surrounding communities agreed to become guarantors of bonds issued by the Courthouse during 1999. There were bonds outstanding of \$3,350,000 at December 31, 2006, of which the Charter Township guarantees 47 percent, or \$1,574,500. Complete financial statements for the Courthouse can be obtained from the administrative offices at 660 Plymouth Road, Plymouth, Michigan 48170.

## **Note 14 - Subsequent Events**

During the 2006 fiscal year, the Township board of trustees approved the issuance of new general obligation capital improvement bonds in the amount of \$40,000,000 for the purpose of paying the cost of acquiring and constructing water and sewer improvements to the Township. The Township anticipates that these bonds will be issued in mid-2007.

## **Required Supplemental Information**

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# Charter Township of Canton

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Property taxes	\$ 8,325,981	\$ 8,234,781	\$ 8,287,228	\$ 52,447
Licenses and permits	2,828,500	1,175,600	1,126,088	(49,512)
Federal sources	76,050	73,600	73,517	(83)
State sources	6,307,469	6,268,569	7,174,560	905,991
Charges for services	4,380,115	4,564,715	4,185,674	(379,041)
Court fees	225,000	50,000	48,986	(1,014)
Administration charges	4,635,482	4,406,182	4,389,119	(17,063)
Interest and other	770,134	1,078,784	1,071,214	(7,570)
Transfers in	25,000	1,425,000	1,409,419	(15,581)
Total revenues	<u>\$ 27,573,731</u>	<u>\$ 27,277,231</u>	<u>\$ 27,765,805</u>	<u>\$ 488,574</u>
<b>Expenditures</b>				
General government	\$ 7,458,477	\$ 7,584,867	\$ 6,714,855	\$ 870,012
Public safety	80,500	80,500	78,150	2,350
Public services	9,009,670	8,802,913	7,892,887	910,026
Recreation	4,706,625	4,792,859	4,484,345	308,514
Sanitation	3,522,820	3,539,891	3,297,460	242,431
Transfers out	2,739,758	2,456,328	2,456,318	10
Transfer to fund balance	55,881	19,873	2,841,790	(2,821,917)
Total expenditures	<u>\$ 27,573,731</u>	<u>\$ 27,277,231</u>	<u>\$ 27,765,805</u>	<u>\$ (488,574)</u>

# Charter Township of Canton

	Police			Variance With Final Budget
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Property taxes	\$ 13,584,482	\$ 13,508,782	\$ 13,453,806	\$ (54,976)
Licenses and permits	55,900	55,900	58,066	2,166
Federal sources	-	60,317	71,583	11,266
State sources	48,768	61,768	51,035	(10,733)
Charges for services	34,000	122,650	124,828	2,178
Administrative charges	-	-	-	-
Royalties	-	-	-	-
Summit recreational fees	-	-	-	-
Interest and other	231,000	637,177	677,024	39,847
Transfers in	-	-	-	-
Fund balance appropriation	-	-	-	-
<b>Total revenues</b>	<b>\$ 13,954,150</b>	<b>\$ 14,446,594</b>	<b>\$ 14,436,342</b>	<b>\$ (10,252)</b>
<b>Expenditures</b>				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	13,181,888	13,913,791	13,431,294	482,497
Recreation	-	-	-	-
Other	-	-	-	-
Transfers to other funds	-	-	-	-
Transfer to fund balance	772,262	532,803	1,005,048	(472,245)
<b>Total expenditures</b>	<b>\$ 13,954,150</b>	<b>\$ 14,446,594</b>	<b>\$ 14,436,342</b>	<b>\$ 10,252</b>

**Required Supplemental Information**  
**Budgetary Comparison Schedule - Major Special Revenue Funds**  
**Year Ended December 31, 2006**

Fire				Public Improvement			
Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
\$ 7,136,487	\$ 7,065,187	\$ 7,035,261	\$ (29,926)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
12,600	12,600	26,251	13,651	-	-	-	-
4,300	4,300	7,050	2,750	-	-	-	-
590,000	650,000	672,063	22,063	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
126,000	284,395	349,219	64,824	1,010,000	1,010,000	451,111	(558,889)
-	-	-	-	-	-	-	-
<u>2,019,713</u>	<u>2,529,690</u>	<u>2,166,523</u>	<u>(363,167)</u>	<u>439,226</u>	<u>734,563</u>	<u>1,091,275</u>	<u>356,712</u>
<b>\$ 9,889,100</b>	<b>\$ 10,546,172</b>	<b>\$ 10,256,367</b>	<b>\$ (289,805)</b>	<b>\$ 1,449,226</b>	<b>\$ 1,744,563</b>	<b>\$ 1,542,386</b>	<b>\$ (202,177)</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,889,100	10,546,172	10,256,367	289,805	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	10,000	19,478	16,527	2,951
-	-	-	-	1,439,226	1,725,085	1,525,859	199,226
-	-	-	-	-	-	-	-
<b>\$ 9,889,100</b>	<b>\$ 10,546,172</b>	<b>\$ 10,256,367</b>	<b>\$ 289,805</b>	<b>\$ 1,449,226</b>	<b>\$ 1,744,563</b>	<b>\$ 1,542,386</b>	<b>\$ 202,177</b>

# Charter Township of Canton

	Community Improvement			Variance With Final Budget
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Federal sources	300,000	300,000	-	(300,000)
State sources	-	-	-	-
Charges for services	-	-	-	-
Administrative charges	-	-	-	-
Royalties	1,300,000	1,300,000	1,331,008	31,008
Summit recreational fees	-	-	-	-
Interest and other	18,000	17,900	13,723	(4,177)
Transfers in	1,989,226	2,275,085	1,525,859	(749,226)
Fund balance appropriation	-	2,275	76,532	74,257
<b>Total revenues</b>	<b>\$ 3,607,226</b>	<b>\$ 3,895,260</b>	<b>\$ 2,947,122</b>	<b>\$ (948,138)</b>
<b>Expenditures</b>				
General government	\$ 3,347,226	\$ 3,635,260	\$ 2,687,122	\$ 948,138
Public safety	-	-	-	-
Recreation	-	-	-	-
Other	-	-	-	-
Transfers to other funds	260,000	260,000	260,000	-
Transfer to fund balance	-	-	-	-
<b>Total expenditures</b>	<b>\$ 3,607,226</b>	<b>\$ 3,895,260</b>	<b>\$ 2,947,122</b>	<b>\$ 948,138</b>

**Required Supplemental Information**  
**Budgetary Comparison Schedule - Major Special Revenue Funds**  
**(Continued)**  
**Year Ended December 31, 2006**

Community Center				Cable TV			
Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
445,547	445,547	445,547	-	-	-	-	-
-	-	-	-	800,000	800,000	927,186	127,186
880,000	880,000	965,942	85,942	-	-	-	-
1,436,000	626,000	502,175	(123,825)	31,000	31,000	103,812	72,812
510,600	614,385	614,385	-	-	-	-	-
-	-	-	-	297,541	298,411	45,107	(253,304)
<b><u>\$ 3,272,147</u></b>	<b><u>\$ 2,565,932</u></b>	<b><u>\$ 2,528,049</u></b>	<b><u>\$ (37,883)</u></b>	<b><u>\$ 1,128,541</u></b>	<b><u>\$ 1,129,411</u></b>	<b><u>\$ 1,076,105</u></b>	<b><u>\$ (53,306)</u></b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
3,108,127	2,463,025	2,432,161	30,864	-	-	-	-
-	-	-	-	1,128,541	1,129,411	1,076,105	53,306
164,020	94,508	94,465	43	-	-	-	-
-	8,399	1,423	6,976	-	-	-	-
<b><u>\$ 3,272,147</u></b>	<b><u>\$ 2,565,932</u></b>	<b><u>\$ 2,528,049</u></b>	<b><u>\$ 37,883</u></b>	<b><u>\$ 1,128,541</u></b>	<b><u>\$ 1,129,411</u></b>	<b><u>\$ 1,076,105</u></b>	<b><u>\$ 53,306</u></b>

# Charter Township of Michigan

## Note to Required Supplemental Information December 31, 2006

### Note - Budgetary information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds except that fund balance appropriation, proceeds from sale of capital assets, and transfers are budgeted as either revenue or expenditures to balance the budget. All annual appropriations lapse at fiscal year end.

The statement comparing actual to budgeted revenue and expenditures is presented in the format of the operating statement.

Following is a reconciliation of the budget statement of the General Fund and other major Special Revenue Funds to the operating statement:

	Budget Statement	Fund Balance Appropriation	Proceeds from Sale of Capital Assets	Transfers	Operating Statement
General Fund:					
Total revenue	\$ 27,765,805	\$ -	\$ -	\$ (1,409,419)	\$ 26,356,386
Total expenditures	27,765,805	(2,841,790)	-	(2,456,318)	22,467,697
Police Fund - Total expenditures	14,436,342	(1,005,048)	-	-	13,431,294
Fire Fund - Total revenue	10,256,367	(2,166,523)	-	-	8,089,844
Public Improvement Fund:					
Total revenue	1,542,386	(1,091,275)	-	-	451,111
Total expenditures	1,542,386	-	-	1,525,859	16,527
Community Improvement Fund:					
Total revenue	2,947,122	(76,532)	-	(1,525,859)	1,344,731
Total expenditures	2,947,122	-	-	(260,000)	2,687,122
Community Center Fund:					
Total revenue	2,528,049	-	-	(614,385)	1,913,664
Total expenditures	2,528,049	(1,423)	-	(94,465)	2,432,161
Cable TV Fund - Total revenue	1,076,105	(45,107)	-	-	1,030,998

The Charter Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to the last Friday in August, the Charter Township Supervisor submits to the board of trustees (the "Board") a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

# Charter Township of Michigan

## Note to Required Supplemental Information December 31, 2006

### Note - Budgetary information (Continued)

- A public hearing is conducted in September to obtain taxpayer comments.
- In October, the budget is legally adopted by the Board through adoption of the appropriation ordinance.
- The Charter Township Supervisor is authorized to transfer budgeted amounts within budgetary centers (activity); however, any revisions that alter the total expenditure of any budgetary center (activity) must be approved by the Board.

The budgets for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds have been adopted on a fund basis. The General Fund budget-to-actual results are reported at the activity level. The adopted budget is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations. The Board must approve all budget amendments made throughout the year. With the exception of the Capital Projects Road Paving Fund, only the amendments and final budgets for the Capital Projects and Debt Service Funds are approved by the Board. Transfers within a fund may be approved by the Charter Township Supervisor. During the current year, the budget was amended in a legally permissible manner.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be re-appropriated and honored during the subsequent year.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The Charter Township had significant budget variances in the following funds during the current year:

	Amended Budget	Actual
Special Investigation Special Revenue Fund - Public Safety	\$ 810,827	\$ 924,835
Building Authority Debt Service Fund - Debt Service	712,216	938,240
Saltz Road Paving Capital Projects Fund	3,164	188,289

## **Other Supplemental Information**

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# Charter Township of Canton

	Nonmajor Special Revenue			
	Special Investigation	Street Lighting	Community Development	
			Block Grant	911 Service Fund
<b>Assets</b>				
Cash and cash equivalents	\$ 1,754,019	\$ 195,076	\$ 105,695	\$ 849,727
Investments	117,788	-	-	575,748
Receivables - Net:				
Special assessments	-	83,107	-	-
Accrued interest and other receivables	5,358	-	-	11,392
Due from other funds	-	24	-	20,449
Due from other governmental units	54,698	-	102,258	17,303
Restricted assets	-	-	-	-
<b>Total assets</b>	<b>\$ 1,931,863</b>	<b>\$ 278,207</b>	<b>\$ 207,953</b>	<b>\$ 1,474,619</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 332,228	\$ 18,433	\$ 70,325	\$ 19,235
Accrued and other liabilities	248,837	-	-	-
Due to other funds	28	-	137,628	-
Deferred revenue:				
Special assessment	-	240,351	-	-
Property taxes and other	-	-	-	-
<b>Total liabilities</b>	<b>581,093</b>	<b>258,784</b>	<b>207,953</b>	<b>19,235</b>
<b>Fund Balances</b>				
Reserved for encumbrances	-	-	-	4,449
Unreserved	1,350,770	19,423	-	1,450,935
<b>Total fund balances</b>	<b>1,350,770</b>	<b>19,423</b>	<b>-</b>	<b>1,455,384</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,931,863</b>	<b>\$ 278,207</b>	<b>\$ 207,953</b>	<b>\$ 1,474,619</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2006**

Nonmajor Debt Service Funds

Building Authority	Beck Road Paving	South Haggerty Paving	Koppernick Corporate Park	Tonquish Creek Storm Sewer	Lotz Road Paving	Denton Road Paving	Saltz Road Paving	Cherry Hill Road Paving
\$ -	\$ 523,650	\$ 2,464	\$ 225,739	\$ 41,546	\$ 10,693	\$ -	\$ 1,786	\$ 581
-	-	-	-	199,786	-	-	-	-
-	-	319,577	265,989	10,549	478,779	1,679,011	729,606	1,800,000
-	-	-	-	8,116	-	-	-	-
-	-	116,657	95,000	-	-	-	188,289	-
-	-	-	-	-	115,955	-	170,850	-
-	-	-	-	-	-	-	-	-
<b><u>\$ -</u></b>	<b><u>\$ 523,650</u></b>	<b><u>\$ 438,698</u></b>	<b><u>\$ 586,728</u></b>	<b><u>\$ 259,997</u></b>	<b><u>\$ 605,427</u></b>	<b><u>\$ 1,679,011</u></b>	<b><u>\$ 1,090,531</u></b>	<b><u>\$ 1,800,581</u></b>
\$ -	\$ 10,122	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	15,000	-	-	-	-	118,041	20,000
-	-	212,526	177,016	4,413	453,748	1,679,011	648,538	1,678,420
-	-	-	-	-	115,955	-	170,850	-
-	10,122	227,526	177,016	4,413	569,703	1,679,011	937,429	1,698,420
-	-	-	-	-	-	-	-	-
-	513,528	211,172	409,712	255,584	35,724	-	153,102	102,161
-	513,528	211,172	409,712	255,584	35,724	-	153,102	102,161
<b><u>\$ -</u></b>	<b><u>\$ 523,650</u></b>	<b><u>\$ 438,698</u></b>	<b><u>\$ 586,728</u></b>	<b><u>\$ 259,997</u></b>	<b><u>\$ 605,427</u></b>	<b><u>\$ 1,679,011</u></b>	<b><u>\$ 1,090,531</u></b>	<b><u>\$ 1,800,581</u></b>

# Charter Township of Canton

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds (Continued) December 31, 2006

	Nonmajor Capital Projects Funds				Total Nonmajor Governmental Funds
	Road Paving	Cherry Hill Road	Saltz Road Paving	Lotz Road Paving	
<b>Assets</b>					
Cash and investments	\$ 59,514	\$ 42,908	\$ 222,634	\$ 1,520	\$ 4,037,552
Investments	1,104,644	-	-	-	1,997,966
Receivables - Net:					
Special assessments	-	-	-	-	5,366,618
Accrued interest and other receivables	102,100	-	130,034	-	257,000
Due from other funds	-	-	-	-	420,419
Due from other governmental units	124,570	-	-	-	585,634
Restricted assets	-	-	365,519	-	365,519
	<b>\$ 1,390,828</b>	<b>\$ 42,908</b>	<b>\$ 718,187</b>	<b>\$ 1,520</b>	<b>\$ 13,030,708</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 65,892	\$ -	\$ -	\$ -	\$ 516,235
Accrued and other liabilities	-	-	-	-	248,837
Due to other funds	111,463	-	188,289	-	590,449
Deferred revenue:					
Special assessment	-	-	-	-	5,094,023
Property taxes and other	80,000	-	130,034	-	496,839
	257,355	-	318,323	-	6,946,383
<b>Fund Balances</b>					
Reserve for encumbrance	615,328	-	-	-	619,777
Unreserved	518,145	42,908	399,864	1,520	5,464,548
	1,133,473	42,908	399,864	1,520	6,084,325
Total liabilities and fund balances	<b>\$ 1,390,828</b>	<b>\$ 42,908</b>	<b>\$ 718,187</b>	<b>\$ 1,520</b>	<b>\$ 13,030,708</b>

# Charter Township of Canton

	Nonmajor Special Revenue Funds			
	Special Investigation	Street Lighting	Community Development Block Grant	911 Service Fund
<b>Revenues</b>				
Federal sources	\$ 254,761	\$ -	\$ 300,825	\$ 20,449
State sources	467,016	-	-	-
Charges for services	-	-	-	372,640
Special assessments	-	228,155	-	-
Contributions from other governmental units	-	-	-	-
Interest income	73,011	5,740	-	58,283
Land sales and other	25,736	5,111	-	-
Total revenues	820,524	239,006	300,825	451,372
<b>Expenditures</b>				
Current:				
General government	-	-	300,825	-
Public safety	924,835	-	-	152,428
Public services	-	224,908	-	-
Capital outlay	-	-	-	-
Debt principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	924,835	224,908	300,825	152,428
<b>Excess of Revenues Over (Under) Expenditures</b>	(104,311)	14,098	-	298,944
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<b>Net Change in Fund Balances</b>	(104,311)	14,098	-	298,944
<b>Fund Balances - Beginning of year</b>	1,455,081	5,325	-	1,156,440
<b>Fund Balances - End of year</b>	<b>\$ 1,350,770</b>	<b>\$ 19,423</b>	<b>\$ -</b>	<b>\$ 1,455,384</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2006**

Nonmajor Debt Service Funds

Building Authority	Beck Road Paving	South Haggerty Paving	Kopperrick Corporate Park	Tonquish Creek Storm Sewer	Lotz Road Paving	Denton Road Paving	Saltz Road Paving	Cherry Hill Road Paving
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	108,806	153,022	8,895	29,040	-	81,067	121,580
515,300	-	-	-	-	-	-	-	-
-	23,569	13,418	32,086	13,472	24,071	-	49,007	122,577
-	-	-	-	-	-	-	-	-
515,300	23,569	122,224	185,108	22,367	53,111	-	130,074	244,157
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
645,000	200,000	200,000	176,000	224,000	64,390	-	140,488	195,122
293,240	4,375	15,350	15,813	20,124	21,909	-	47,799	66,391
938,240	204,375	215,350	191,813	244,124	86,299	-	188,287	261,513
(422,940)	(180,806)	(93,126)	(6,705)	(221,757)	(33,188)	-	(58,213)	(17,356)
422,940	-	241,400	-	-	-	-	188,289	-
-	-	-	-	-	-	-	-	-
422,940	-	241,400	-	-	-	-	188,289	-
-	(180,806)	148,274	(6,705)	(221,757)	(33,188)	-	130,076	(17,356)
-	694,334	62,898	416,417	477,341	68,912	-	23,026	119,517
<b>\$ -</b>	<b>\$ 513,528</b>	<b>\$ 211,172</b>	<b>\$ 409,712</b>	<b>\$ 255,584</b>	<b>\$ 35,724</b>	<b>\$ -</b>	<b>\$ 153,102</b>	<b>\$ 102,161</b>

# Charter Township of Canton

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2006

	Nonmajor Capital Project Funds				Total Nonmajor Governmental Funds
	Road Paving	Cherry Hill Road	Saltz Road Paving	Lotz Road Paving	
<b>Revenues</b>					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 576,035
State sources	-	-	-	-	467,016
Charges for services	-	-	-	-	372,640
Special assessments	-	-	-	-	730,565
Contributions from other governmental units	-	-	-	-	515,300
Interest income	58,904	1,881	23,913	67	499,999
Land sales and other	324,570	-	7,871	-	363,288
<b>Total revenues</b>	<b>383,474</b>	<b>1,881</b>	<b>31,784</b>	<b>67</b>	<b>3,524,843</b>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	300,825
Public safety	-	-	-	-	1,077,263
Public services	-	-	-	-	224,908
Capital outlay	1,365,965	-	-	-	1,365,965
Debt principal payments	-	-	-	-	1,845,000
Interest and fiscal charges	76,470	-	-	-	561,471
<b>Total expenditures</b>	<b>1,442,435</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,375,432</b>
<b>Excess of Revenues Over (Under)</b>					
<b>Expenditures</b>	(1,058,961)	1,881	31,784	67	(1,850,589)
<b>Other Financing Sources (Uses)</b>					
Transfers in	1,272,058	-	-	-	2,124,687
Transfers out	-	-	(188,289)	-	(188,289)
<b>Total other financing sources (uses)</b>	<b>1,272,058</b>	<b>-</b>	<b>(188,289)</b>	<b>-</b>	<b>1,936,398</b>
<b>Net Change in Fund Balances</b>	<b>213,097</b>	<b>1,881</b>	<b>(156,505)</b>	<b>67</b>	<b>85,809</b>
<b>Fund Balances - Beginning of year</b>	<b>920,376</b>	<b>41,027</b>	<b>556,369</b>	<b>1,453</b>	<b>5,998,516</b>
<b>Fund Balances - End of year</b>	<b>\$ 1,133,473</b>	<b>\$ 42,908</b>	<b>\$ 399,864</b>	<b>\$ 1,520</b>	<b>\$ 6,084,325</b>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Major Capital Projects Funds Year Ended December 31, 2006

### Capital Projects - Building Construction

	Building Construction			Variance With Final Budget
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Other revenues	\$ -	\$ 36,000	\$ 45,589	\$ 9,589
Fund balance appropriation	-	1,446,970	1,444,355	(2,615)
Total revenues	<u>\$ -</u>	<u>\$ 1,482,970</u>	<u>\$ 1,489,944</u>	<u>\$ 6,974</u>
<b>Expenditures</b>				
Current - Capital outlay	\$ -	\$ 82,970	\$ 80,525	\$ 2,445
Transfers to other funds	-	1,400,000	1,409,419	(9,419)
Total expenditures	<u>\$ -</u>	<u>\$ 1,482,970</u>	<u>\$ 1,489,944</u>	<u>\$ (6,974)</u>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds Year Ended December 31, 2006

### Special Revenue Fund - Special Investigation

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Federal sources	\$ 118,000	\$ 118,000	\$ 254,761	\$ 136,761
State sources	369,036	369,036	467,016	97,980
Interest and other	61,500	61,500	98,747	37,247
Fund balance appropriation	212,507	262,291	104,311	(157,980)
Total revenues	<u>\$ 761,043</u>	<u>\$ 810,827</u>	<u>\$ 924,835</u>	<u>\$ 114,008</u>
<b>Expenditures - Public safety</b>	<u>\$ 761,043</u>	<u>\$ 810,827</u>	<u>\$ 924,835</u>	<u>\$ (114,008)</u>

### Special Revenue Fund - Street Lighting

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Special assessments	\$ 240,000	\$ 240,000	\$ 228,155	\$ (11,845)
Interest income	1,250	1,250	5,740	4,490
Land sales and other	800	4,822	5,111	289
Total revenues	<u>\$ 242,050</u>	<u>\$ 246,072</u>	<u>\$ 239,006</u>	<u>\$ (7,066)</u>
<b>Expenditures - Current expenditures</b>				
Transfer to fund balance	\$ 8,809	\$ 8,542	\$ 14,098	\$ (5,556)
Public services	233,241	237,530	224,908	12,622
Total expenditures	<u>\$ 242,050</u>	<u>\$ 246,072</u>	<u>\$ 239,006</u>	<u>\$ 7,066</u>



# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2006

### Special Revenue Fund - Community Development Block Grant

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues - Federal sources</b>	<b>\$ 239,222</b>	<b>\$ 597,408</b>	<b>\$ 300,825</b>	<b>\$ (296,583)</b>
<b>Expenditures - General government</b>	<b>\$ 239,222</b>	<b>\$ 597,408</b>	<b>\$ 300,825</b>	<b>\$ 296,583</b>

### Special Revenue Fund - 911 Service

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Federal sources	\$ -	\$ -	\$ 20,449	\$ 20,449
Charges for services	315,000	315,000	372,640	57,640
Interest and other	11,000	11,000	58,283	47,283
Total revenues	<b>\$ 326,000</b>	<b>\$ 326,000</b>	<b>\$ 451,372</b>	<b>\$ 125,372</b>
<b>Expenditures</b>				
Current expenditures - Public safety	\$ 107,575	\$ 181,748	\$ 152,428	\$ 29,320
Transfer to fund balance	218,425	144,252	298,944	(154,692)
Total expenditures	<b>\$ 326,000</b>	<b>\$ 326,000</b>	<b>\$ 451,372</b>	<b>\$ (125,372)</b>

### Debt Service Fund - Building Authority

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Contributions from other governmental units	\$ 289,275	\$ 289,275	\$ 515,300	\$ 226,025
Transfers in	422,941	422,941	422,940	(1)
Total revenues	<b>\$ 712,216</b>	<b>\$ 712,216</b>	<b>\$ 938,240</b>	<b>\$ 226,024</b>
<b>Expenditures</b>				
Debt principal payments	\$ 620,000	\$ 620,000	\$ 645,000	\$ (25,000)
Interest and fiscal charges	92,216	92,216	293,240	(201,024)
Total expenditures	<b>\$ 712,216</b>	<b>\$ 712,216</b>	<b>\$ 938,240</b>	<b>\$ (226,024)</b>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2006

### Debt Service Fund - Beck Road Paving

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Interest and other	\$ 12,500	\$ 12,500	\$ 23,569	\$ 11,069
Fund balance appropriation	<u>192,500</u>	<u>192,500</u>	<u>180,806</u>	<u>(11,694)</u>
Total revenues	<u><b>\$ 205,000</b></u>	<u><b>\$ 205,000</b></u>	<u><b>\$ 204,375</b></u>	<u><b>\$ (625)</b></u>
<b>Expenditures</b>				
Debt principal payments	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Interest and fiscal charges	<u>5,000</u>	<u>5,000</u>	<u>4,375</u>	<u>625</u>
Total expenditures	<u><b>\$ 205,000</b></u>	<u><b>\$ 205,000</b></u>	<u><b>\$ 204,375</b></u>	<u><b>\$ 625</b></u>

### Debt Service Fund - South Haggerty Paving

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Special assessments	\$ 112,418	\$ 112,418	\$ 108,806	\$ (3,612)
Interest and other	7,095	7,095	13,418	6,323
Transfers in	-	241,400	241,400	-
Fund balance appropriation	<u>95,837</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u><b>\$ 215,350</b></u>	<u><b>\$ 360,913</b></u>	<u><b>\$ 363,624</b></u>	<u><b>\$ 2,711</b></u>
<b>Expenditures</b>				
Debt principal payments	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Interest and fiscal charges	15,350	15,350	15,350	-
Transfer to fund balance	<u>-</u>	<u>145,563</u>	<u>148,274</u>	<u>(2,711)</u>
Total expenditures	<u><b>\$ 215,350</b></u>	<u><b>\$ 360,913</b></u>	<u><b>\$ 363,624</b></u>	<u><b>\$ (2,711)</b></u>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2006

### Debt Service Fund - Koppernick Corporate Park

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Special assessments	\$ 130,957	\$ 130,957	\$ 153,022	\$ 22,065
Interest and other	29,230	29,230	32,086	2,856
Fund balance appropriation	31,626	31,626	6,705	(24,921)
Total revenues	<u>\$ 191,813</u>	<u>\$ 191,813</u>	<u>\$ 191,813</u>	<u>\$ -</u>
<b>Expenditures</b>				
Debt principal payments	\$ 176,000	\$ 176,000	\$ 176,000	\$ -
Interest and fiscal charges	15,813	15,813	15,813	-
Total expenditures	<u>\$ 191,813</u>	<u>\$ 191,813</u>	<u>\$ 191,813</u>	<u>\$ -</u>

### Debt Service Fund - Tonquish Creek Storm Sewer

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Special assessments	\$ 9,000	\$ 9,000	\$ 8,895	\$ (105)
Interest and other	5,350	5,350	13,472	8,122
Fund balance appropriation	229,775	229,775	221,757	(8,018)
Total revenues	<u>\$ 244,125</u>	<u>\$ 244,125</u>	<u>\$ 244,124</u>	<u>\$ (1)</u>
<b>Expenditures - Current expenditures</b>				
Debt principal payments	\$ 224,000	\$ 224,000	\$ 224,000	\$ -
Interest and fiscal charges	20,125	20,125	20,124	1
Total expenditures	<u>\$ 244,125</u>	<u>\$ 244,125</u>	<u>\$ 244,124</u>	<u>\$ 1</u>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2006

### Debt Service Fund - Lotz Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Special assessments	\$ 36,829	\$ 36,829	\$ 29,040	\$ (7,789)
Interest income	24,636	24,636	24,071	(565)
Fund balance appropriation	24,835	24,835	33,188	8,353
Total revenues	<u>\$ 86,300</u>	<u>\$ 86,300</u>	<u>\$ 86,299</u>	<u>\$ (1)</u>
<b>Expenditures</b>				
Debt principal payments	\$ 64,390	\$ 64,390	\$ 64,390	\$ -
Interest and fiscal charges	21,910	21,910	21,909	1
Total expenditures	<u>\$ 86,300</u>	<u>\$ 86,300</u>	<u>\$ 86,299</u>	<u>\$ 1</u>

### Debt Service Fund - Denton Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues - Transfers in</b>				
	<u>\$ -</u>	<u>\$ 74,500</u>	<u>\$ -</u>	<u>\$ (74,500)</u>
<b>Expenditures</b>				
Other expenditures	\$ -	\$ 10,000	\$ -	\$ 10,000
Transfer to fund balance	-	64,500	-	64,500
Total expenditures	<u>\$ -</u>	<u>\$ 74,500</u>	<u>\$ -</u>	<u>\$ 74,500</u>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2006

### Debt Service Fund - Saltz Road Paving

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenue</b>				
Special assessments	\$ -	\$ -	\$ 81,067	\$ 81,067
Interest income	-	-	49,007	49,007
Transfers in	-	188,289	188,289	-
Appropriations from fund balance	<u>188,289</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u><b>\$ 188,289</b></u>	<u><b>\$ 188,289</b></u>	<u><b>\$ 318,363</b></u>	<u><b>\$ 130,074</b></u>
<b>Expenditures</b>				
Debt principal payments	\$ 140,488	\$ 140,488	\$ 140,488	\$ -
Interest and fiscal charges	47,801	47,801	47,799	2
Transfer to fund balance	<u>-</u>	<u>-</u>	<u>130,076</u>	<u>(130,076)</u>
Total expenditures	<u><b>\$ 188,289</b></u>	<u><b>\$ 188,289</b></u>	<u><b>\$ 318,363</b></u>	<u><b>\$ (130,074)</b></u>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2006

### Debt Service Fund - Cherry Hill Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenue</b>				
Special assessments	\$ -	\$ 260,000	\$ 121,580	\$ (138,420)
Interest income	-	70,000	122,577	52,577
Fund balance appropriation	261,391	-	17,356	17,356
	<u>261,391</u>	<u>-</u>	<u>17,356</u>	<u>17,356</u>
Total revenue	<b><u>\$ 261,391</u></b>	<b><u>\$ 330,000</u></b>	<b><u>\$ 261,513</u></b>	<b><u>\$ (68,487)</u></b>
<b>Expenditures</b>				
Debt principal payments	\$ 195,122	\$ 195,122	\$ 195,122	\$ -
Interest and fiscal charges	66,269	66,391	66,391	-
Transfer to fund balance	-	68,487	-	68,487
	<u>-</u>	<u>68,487</u>	<u>-</u>	<u>68,487</u>
Total expenditures	<b><u>\$ 261,391</u></b>	<b><u>\$ 330,000</u></b>	<b><u>\$ 261,513</u></b>	<b><u>\$ 68,487</u></b>

### Capital Projects Fund - Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Interest income	\$ 50,000	\$ 50,000	\$ 58,904	\$ 8,904
Land sales and other	150,000	400,000	324,570	(75,430)
Transfers in	1,327,000	1,327,000	1,272,058	(54,942)
Appropriations from fund balance	-	920,376	-	(920,376)
	<u>-</u>	<u>920,376</u>	<u>-</u>	<u>(920,376)</u>
Total revenues	<b><u>\$ 1,527,000</u></b>	<b><u>\$ 2,697,376</u></b>	<b><u>\$ 1,655,532</u></b>	<b><u>\$ (1,041,844)</u></b>
<b>Expenditures</b>				
Capital outlay	\$ 1,527,000	\$ 2,697,376	\$ 1,365,965	\$ 1,331,411
Interest expense	-	-	76,470	(76,470)
Transfer to fund balance	-	-	213,097	(213,097)
	<u>-</u>	<u>-</u>	<u>213,097</u>	<u>(213,097)</u>
Total expenditures	<b><u>\$ 1,527,000</u></b>	<b><u>\$ 2,697,376</u></b>	<b><u>\$ 1,655,532</u></b>	<b><u>\$ 1,041,844</u></b>

# Charter Township of Canton

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended December 31, 2006

### Capital Projects Fund - Cherry Hill Road

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b> - Interest income	\$ -	\$ -	\$ 1,881	\$ 1,881
<b>Expenditures</b> - Transfer to fund balance	\$ -	\$ -	\$ 1,881	\$ 1,881

### Capital Projects Fund - Saltz Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b>				
Interest and other	\$ -	\$ -	\$ 31,784	\$ 31,784
Appropriations from fund balance	-	3,164	156,505	153,341
Total revenues	<u>\$ -</u>	<u>\$ 3,164</u>	<u>\$ 188,289</u>	<u>\$ 185,125</u>
<b>Expenditures</b>				
Capital outlay	\$ -	\$ 3,164	\$ -	\$ 3,164
Transfer out	-	-	188,289	(188,289)
Total expenditures	<u>\$ -</u>	<u>\$ 3,164</u>	<u>\$ 188,289</u>	<u>\$ (185,125)</u>

### Capital Projects Fund - Lotz Road Paving

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues</b> - Interest income	\$ -	\$ -	\$ 67	\$ 67
<b>Expenditures</b> - Transfer to fund balance	\$ -	\$ -	\$ 67	\$ 67

# Charter Township of Canton

## Other Supplemental Information Statement of Changes in Assets and Liabilities Fiduciary Funds Year Ended December 31, 2006

	Agency Funds			Balance December 31, 2006
	Balance January 1, 2006	Additions	Deletions	
<b><u>Tax Collections</u></b>				
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 15,654,041</u></b>	<b><u>\$ 146,732,234</u></b>	<b><u>\$ 145,167,957</u></b>	<b><u>\$ 17,218,318</u></b>
<b>Liabilities - Due to other governmental units</b>	<b><u>\$ 15,654,041</u></b>	<b><u>\$ 112,816,000</u></b>	<b><u>\$ 111,251,723</u></b>	<b><u>\$ 17,218,318</u></b>
<b><u>Other Agency Funds</u></b>				
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 442,838</u></b>	<b><u>\$ 480,501</u></b>	<b><u>\$ 642,808</u></b>	<b><u>\$ 280,531</u></b>
<b>Liabilities - Cash bonds and deposits</b>	<b><u>\$ 442,838</u></b>	<b><u>\$ 480,501</u></b>	<b><u>\$ 642,808</u></b>	<b><u>\$ 280,531</u></b>
<b><u>Total Agency Funds</u></b>				
<b>Assets - Cash and cash equivalents</b>	<b><u>\$ 16,096,879</u></b>	<b><u>\$ 147,212,735</u></b>	<b><u>\$ 145,810,765</u></b>	<b><u>\$ 17,498,849</u></b>
<b>Liabilities</b>				
Due to other governmental funds	\$ 15,654,041	\$ 112,816,000	\$ 111,251,723	\$ 17,218,318
Cash bonds and deposits	<u>442,838</u>	<u>480,501</u>	<u>642,808</u>	<u>280,531</u>
Total liabilities	<b><u>\$ 16,096,879</u></b>	<b><u>\$ 113,296,501</u></b>	<b><u>\$ 111,894,531</u></b>	<b><u>\$ 17,498,849</u></b>



## **Statistical Section**

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# Charter Township of Canton

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## Description of Statistical Section

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Township's overall financial health

### Contents

The statistical section is organized into the following main categories:

#### **Financial Trends:**

These schedules contain trend information to help the reader understand how the Township's financial performance and well-being have changed over time.

#### **Revenue Capacity:**

These schedules contain information to help the reader assess the Township's most significant local revenue source, the property tax.

#### **Debt Capacity:**

These schedules contain information to help the reader assess the affordability of the Township's current levels of outstanding debt, and the Township's ability to issue additional debt in the future.

#### **Demographic and Economic Information:**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Township's financial activities take place.

#### **Operating Information:**

These schedules contain service and infrastructure data to help the reader understand how the information in the Township's financial report relates to the services the Township provides and the activities it performs.

#### **Sources:**

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Township implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

# Charter Township of Canton

## Financial Trend Information Net Assets by Component (Unaudited)

	Fiscal Year Ended December 31				
	2002	2003	2004	2005	2006
<b>Governmental Activities</b>					
Invested in capital assets - Net of related debt	\$ 37,645,979	\$ 42,163,530	\$ 41,737,768	\$ 45,205,467	\$ 47,450,269
Restricted	11,837,657	12,080,313	13,689,720	11,679,740	10,545,534
Unrestricted	<u>22,223,367</u>	<u>17,796,324</u>	<u>15,589,584</u>	<u>22,048,490</u>	<u>21,259,090</u>
Total net assets	71,707,003	72,040,167	71,017,072	78,933,697	79,254,893
<b>Business-type Activities</b>					
Invested in capital assets - Net of related debt	82,983,166	85,264,716	88,244,363	91,961,552	91,906,737
Restricted	7,183	11,612	11,463	4,462	1,487
Unrestricted	<u>54,720,350</u>	<u>55,603,979</u>	<u>57,872,611</u>	<u>56,180,667</u>	<u>51,918,561</u>
Total net assets	137,710,699	140,880,307	146,128,437	148,146,681	143,826,785
<b>Primary Government in Total</b>					
Invested in capital assets - Net of related debt	120,629,145	127,428,246	129,982,131	137,167,019	139,357,006
Restricted	11,844,840	12,091,925	13,701,183	11,684,202	10,547,021
Unrestricted	<u>76,943,717</u>	<u>73,400,303</u>	<u>73,462,195</u>	<u>78,229,157</u>	<u>73,177,651</u>
Total net assets	<u>\$ 209,417,702</u>	<u>\$ 212,920,474</u>	<u>\$ 217,145,509</u>	<u>\$ 227,080,378</u>	<u>\$ 223,081,678</u>

# Charter Township of Canton

## Financial Trend Information Changes in Governmental Net Assets (Unaudited)

	Fiscal Year Ended December 31				
	2002	2003	2004	2005	2006
<b>Expenses</b>					
General government	\$ 7,255,264	\$ 6,673,059	\$ 7,871,063	\$ 6,705,957	\$ 5,569,166
Public safety	16,463,481	18,528,734	18,300,773	22,262,105	24,188,930
Public works	4,807,186	6,578,119	11,121,653	7,388,912	5,808,264
Building, planning, and engineering	3,588,191	3,803,120	3,679,756	3,874,353	3,333,880
Culture and recreation	5,113,356	6,520,210	8,405,420	8,677,474	7,751,655
Sanitation	2,015,090	2,156,849	2,432,446	2,664,103	2,874,954
Interest on long-term debt	457,756	539,567	649,025	388,909	256,072
Total governmental activities	39,700,324	44,799,658	52,460,136	51,961,813	49,782,921
<b>Program Revenues</b>					
Charges for services:					
General government	795,939	498,864	517,566	568,650	699,201
Public safety	1,135,371	1,324,414	848,795	987,207	1,035,118
Building, planning, and engineering	3,132,019	3,010,757	3,099,852	3,839,924	2,776,429
Culture and recreation	3,364,204	3,673,589	3,852,691	4,099,582	3,539,032
Total charges for services	8,427,533	8,507,624	8,318,904	9,495,363	8,049,780
Operating grants and contributions	1,482,609	1,449,704	1,794,831	3,263,870	1,947,036
Capital grants and contributions	586,191	1,063,128	5,565,856	4,390,608	635,781
Total program revenue	10,496,333	11,020,456	15,679,591	17,149,841	10,632,597
<b>Net Expense</b>	(29,203,991)	(33,779,202)	(36,780,545)	(34,811,972)	(39,150,324)
<b>General Revenues</b>					
Taxes:					
Property taxes	3,740,620	4,740,395	5,988,123	7,647,583	8,287,228
Public safety operating levy	16,695,873	17,986,859	18,872,962	19,533,530	20,489,067
State-shared revenues	7,064,413	6,310,027	6,034,910	6,018,024	5,958,485
Royalties	1,764,592	1,726,009	1,241,583	1,233,579	1,331,008
Investment earnings	1,020,755	924,482	626,011	1,869,021	2,331,534
Miscellaneous - Net of miscellaneous expense	168,615	139,622	3,925,025	1,274,992	1,334,198
Total general revenues	30,454,868	31,827,394	36,688,614	37,576,729	39,731,520
Special item - Gain on sale of assets	29,728	-	-	5,635,111	-
<b>Transfers</b>	(523,122)	(520,761)	(544,585)	(483,243)	(260,000)
<b>Change in Net Assets</b>	<b>\$ 757,483</b>	<b>\$ (2,472,569)</b>	<b>\$ (636,516)</b>	<b>\$ 7,916,625</b>	<b>\$ 321,196</b>

# Charter Township of Canton

	Fiscal Year Ended June 30				
	1996	1997	1998	1999	2000
<b>Operating Revenue</b>					
Sale of water	\$ 4,335,215	\$ 4,210,957	\$ 5,359,692	\$ 5,923,794	\$ 5,313,222
Sewage disposal revenues	5,255,804	5,222,460	6,719,240	7,501,746	7,139,072
Service charges	709,819	932,816	1,115,990	921,264	797,446
Greens fees and cart rentals	-	-	-	-	-
Operating lease	-	-	-	-	-
Other revenues	259,941	361,332	396,430	485,728	527,378
<b>Total operating revenue</b>	<b>10,560,779</b>	<b>10,727,565</b>	<b>13,591,352</b>	<b>14,832,532</b>	<b>13,777,118</b>
<b>Operating Expenses</b>					
Recreation	-	-	-	-	-
Salaries and wages	1,176,825	1,279,413	1,315,038	1,368,854	1,473,977
Payroll taxes and fringe benefits	479,057	524,319	518,838	531,099	566,192
Insurance	30,756	27,635	30,437	73,261	66,346
Supplies	42,190	55,130	62,305	67,379	67,298
Engineering fees	25,933	3,569	6,328	24,007	47,184
Professional services	58,071	31,760	30,739	42,846	35,648
Vehicle expense	59,936	56,528	52,494	59,280	65,786
Water purchases	2,662,292	2,892,911	3,040,001	3,705,962	3,509,333
Sewage disposal charges	4,538,060	4,088,161	3,749,930	4,300,301	5,305,485
Maintenance	191,980	386,798	177,460	268,971	282,357
Administration charges	703,889	815,720	855,327	1,175,000	1,250,000
Depreciation	2,351,416	2,479,062	2,552,037	2,771,736	3,096,970
Other expenses	463,474	362,402	464,323	1,014,703	874,901
Sump pump - Pilot project	48,420	1,852	7,929	70,243	39,818
<b>Total operating expenses</b>	<b>12,832,299</b>	<b>13,005,260</b>	<b>12,863,186</b>	<b>15,473,642</b>	<b>16,681,295</b>
<b>Operating Income (Loss)</b>	<b>(2,271,520)</b>	<b>(2,277,695)</b>	<b>728,166</b>	<b>(641,110)</b>	<b>(2,904,177)</b>
<b>Nonoperating Revenue (Expenses)</b>					
Customer connection fees	-	-	-	-	-
Investment income	1,287,734	1,656,805	1,939,478	2,117,952	2,730,646
Gain (loss) on sale of capital assets	-	11,498	1,203	125,675	-
Interest expense	(3,162,953)	(3,163,188)	(2,605,657)	(2,628,606)	(2,613,624)
<b>Operating Income (Loss) - Before contributions</b>	<b>(4,146,739)</b>	<b>(3,772,580)</b>	<b>63,190</b>	<b>(1,026,089)</b>	<b>(2,787,155)</b>
Transfers from other funds	-	539,643	500,000	500,000	500,000
Transfers to other funds	-	-	(42,500)	(32,500)	(42,500)
Cumulative effect of change in accounting method (1)	-	-	3,659,962	-	-
Add depreciation on fixed assets acquired by donations from developers that reduces contributed capital	-	-	777,908	865,327	949,234
Capital contributions	-	-	-	-	-
<b>Change in Net Assets</b>	<b>\$ (4,146,739)</b>	<b>\$ (3,232,937)</b>	<b>\$ 4,958,560</b>	<b>\$ 306,738</b>	<b>\$ (1,380,421)</b>

(1) In 1998, the Charter Township charged all depreciation related to contributed capital as a direct reduction to contributed capital. The cumulative effect of this change related to prior years was a \$3,659,962 increase to retained earnings.

**Financial Trend Information**  
**Change in Business-type Net Assets**  
**(Unaudited)**

		Fiscal Year Ended June 30									
		2001	2002	2003	2004	2005	2006				
\$	6,016,494	\$	6,780,611	\$	6,627,319	\$	7,065,253	\$	7,855,382	\$	8,248,480
	8,416,855		10,018,742		9,538,383		9,521,324		10,598,348		9,756,870
	946,866		227,845		292,729		293,688		254,795		299,097
	-		1,046,243		1,179,527		1,084,235		1,189,828		1,078,212
	-		403,998		400,000		400,000		200,000		100,000
	<u>594,612</u>		<u>980,765</u>		<u>1,029,013</u>		<u>1,250,454</u>		<u>1,281,237</u>		<u>1,052,677</u>
	15,974,827		19,458,204		19,066,971		19,614,954		21,379,590		20,535,336
	-		1,420,255		1,426,943		1,518,097		1,582,246		1,509,384
	1,566,822		1,673,135		1,738,685		1,873,411		1,982,069		2,043,096
	586,624		706,698		700,105		787,505		847,633		843,149
	49,764		69,046		112,356		134,774		130,957		533,522
	77,353		80,422		74,374		85,195		95,886		99,713
	63,654		93,282		198,446		236,167		167,779		85,102
	63,960		102,617		84,025		333,972		302,083		255,233
	61,465		65,937		86,689		99,633		122,514		133,691
	3,866,272		5,513,424		5,398,184		6,604,355		7,307,139		6,856,476
	6,054,017		6,360,656		6,524,925		6,671,365		6,148,480		6,487,646
	333,687		214,266		305,102		481,071		411,484		504,757
	1,492,725		1,492,725		1,500,000		1,710,151		1,949,596		1,981,114
	3,371,986		3,077,825		1,712,802		3,110,724		3,062,850		2,913,709
	709,097		927,832		1,058,271		647,702		1,358,559		1,925,711
	<u>2,369</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
	18,299,795		21,798,120		20,920,907		24,294,122		25,469,275		26,172,303
	(2,324,968)		(2,339,916)		(1,853,936)		(4,679,168)		(4,089,685)		(5,636,967)
	-		3,477,846		6,091,603		6,823,932		5,663,908		1,475,510
	2,533,500		1,558,866		692,734		423,662		694,673		1,149,959
	-		8,131		(2,380,312)		-		-		-
	<u>(2,633,969)</u>		<u>(4,476,050)</u>		<u>(2,313,058)</u>		<u>(2,206,423)</u>		<u>(2,748,494)</u>		<u>(2,546,482)</u>
	(2,425,437)		(1,771,123)		237,031		362,003		(479,598)		(5,557,980)
	557,551		523,122		520,761		544,585		483,243		260,000
	(45,000)		-		-		-		-		-
	-		-		-		-		-		-
	949,234										
	<u>10,016,642</u>		<u>4,872,140</u>		<u>2,411,816</u>		<u>4,341,542</u>		<u>2,014,599</u>		<u>978,084</u>
<b>\$</b>	<b><u>9,052,990</u></b>	<b>\$</b>	<b><u>3,624,139</u></b>	<b>\$</b>	<b><u>3,169,608</u></b>	<b>\$</b>	<b><u>5,248,130</u></b>	<b>\$</b>	<b><u>2,018,244</u></b>	<b>\$</b>	<b><u>(4,319,896)</u></b>

# Charter Township of Canton

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	Fiscal Year Ended June 30			
	1997	1998	1999	2000
<b>General Fund</b>				
Reserved	\$ 177,534	\$ 262,547	\$ 347,189	\$ 585,215
Unreserved	<u>6,815,696</u>	<u>8,327,176</u>	<u>7,677,952</u>	<u>8,055,315</u>
Total General Fund	<b><u>\$ 6,993,230</u></b>	<b><u>\$ 8,589,723</u></b>	<b><u>\$ 8,025,141</u></b>	<b><u>\$ 8,640,530</u></b>
<b>All Other Governmental Funds:</b>				
Reserved	\$ 2,783,589	\$ 2,136,828	\$ 1,356,051	\$ 4,559,441
Unreserved, reported in:				
Special Revenue Funds	6,766,440	10,348,698	14,144,694	15,649,718
Capital Project Funds	1,086,679	3,561,615	6,871,270	2,324,228
Debt Service Funds	<u>1,343,959</u>	<u>1,571,776</u>	<u>1,852,612</u>	<u>1,928,805</u>
Total all other governmental funds	<b><u>\$ 11,980,667</u></b>	<b><u>\$ 17,618,917</u></b>	<b><u>\$ 24,224,627</u></b>	<b><u>\$ 24,462,192</u></b>

**Financial Trend Information**  
**Fund Balances - Governmental Funds**  
**(Unaudited)**

Fiscal Year Ended June 30					
2001	2002	2003	2004	2005	2006
\$ 545,652	\$ 569,543	\$ 562,679	\$ 156,840	\$ 306,365	\$ 166,962
<u>6,781,211</u>	<u>5,748,432</u>	<u>4,857,473</u>	<u>3,190,658</u>	<u>2,848,071</u>	<u>5,829,264</u>
<b><u>\$ 7,326,863</u></b>	<b><u>\$ 6,317,975</u></b>	<b><u>\$ 5,420,152</u></b>	<b><u>\$ 3,347,498</u></b>	<b><u>\$ 3,154,436</u></b>	<b><u>\$ 5,996,226</u></b>
\$ 2,594,981	\$ 1,308,573	\$ 530,489	\$ 4,422,814	\$ 1,584,322	\$ 989,776
15,214,394	13,134,838	14,116,789	14,532,998	18,743,056	16,580,130
2,637,770	1,844,619	12,338,443	1,100,664	1,755,015	1,081,467
<u>2,166,220</u>	<u>1,730,420</u>	<u>1,442,164</u>	<u>2,088,613</u>	<u>1,862,445</u>	<u>1,680,983</u>
<b><u>\$ 22,613,365</u></b>	<b><u>\$ 18,018,450</u></b>	<b><u>\$ 28,427,885</u></b>	<b><u>\$ 22,145,089</u></b>	<b><u>\$ 23,944,838</u></b>	<b><u>\$ 20,332,356</u></b>



# Charter Township of Canton

	Fiscal Year Ended June 30			
	1997	1998	1999	2000
<b>Revenue</b>				
Property taxes	\$ 13,102,303	\$ 14,337,246	\$ 15,393,566	\$ 16,928,959
Licenses and permits	2,485,544	2,702,634	2,657,891	2,442,411
Federal grants	604,857	431,936	583,893	705,193
State-shared revenues and grants	6,109,169	6,431,656	6,726,315	7,159,118
Charges for services	1,998,427	2,214,667	2,951,991	3,238,193
Court fees	198,757	5,278	408,822	822,569
Administration charges	930,846	987,129	1,314,373	1,374,174
Special assessments	1,101,840	873,560	1,154,957	1,033,262
Royalties	1,214,647	1,712,788	1,790,698	1,956,615
Contributions from other governmental units	732,428	625,039	456,313	423,950
Operating lease	703,161	743,562	740,792	751,704
Summit recreation fees	633,177	634,848	671,016	676,272
Other revenues	4,187,049	4,944,843	6,665,496	6,544,327
<b>Total revenue</b>	<b>34,002,205</b>	<b>36,645,186</b>	<b>41,516,123</b>	<b>44,056,747</b>
<b>Expenditures</b>				
Current:				
General government	5,596,024	5,908,351	6,815,285	7,093,633
Public safety	11,406,335	12,273,979	13,592,109	13,760,299
Public services	9,125,914	9,227,839	10,479,122	17,063,413
Recreation	3,333,733	3,460,918	5,324,020	6,007,321
Sanitation	1,699,962	1,600,619	1,895,826	1,962,340
Other	355,121	275,300	317,224	301,500
Capital outlay	-	-	-	-
Debt service	1,854,884	2,148,437	2,583,909	2,557,787
<b>Total expenditures</b>	<b>33,371,973</b>	<b>34,895,443</b>	<b>41,007,495</b>	<b>48,746,293</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>630,232</b>	<b>1,749,743</b>	<b>508,628</b>	<b>(4,689,546)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	5,176,007	2,813,061	5,814,323	5,975,688
Transfers out	(5,715,650)	(3,270,561)	(6,281,823)	(6,433,188)
Payment of refunding	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-
Proceeds from issuance of debt	2,140,000	5,942,500	6,000,000	6,000,000
Payment to escrow for bond refunding	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,600,357</b>	<b>5,485,000</b>	<b>5,532,500</b>	<b>5,542,500</b>
<b>Net Change in Fund Balances</b>	<b>2,230,589</b>	<b>7,234,743</b>	<b>6,041,128</b>	<b>852,954</b>
<b>Fund Balances - Beginning of year</b>	<b>16,743,308</b>	<b>18,973,897</b>	<b>26,208,640</b>	<b>32,249,768</b>
<b>Fund Balances - End of year</b>	<b>\$ 18,973,897</b>	<b>\$ 26,208,640</b>	<b>\$ 32,249,768</b>	<b>\$ 33,102,722</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>5.6%</b>	<b>6.2%</b>	<b>6.3%</b>	<b>5.2%</b>

2002 - The Postemployment Benefits Fund and the Golf Course Fund were previously reported as a Special Revenue Fund. The Postemployment Benefits Fund is now reported as a fiduciary fund and the Golf Course Fund as an Enterprise Fund under GASB No. 34.

2003 - General Fund fund balance as of December 31, 2002 restated for certain Charter Township fees inappropriately recorded as a liability in prior year.

2004 - General Fund fund balance as of December 31, 2003 restated for certain Charter Township deposits recorded as revenue in prior year.

**Financial Trend Information**  
**Change in Fund Balances**  
**Governmental Funds**  
**(Unaudited)**

		Fiscal Year Ended June 30									
		2001	2002	2003	2004	2005	2006				
\$	18,260,062	\$	20,436,493	\$	22,727,254	\$	24,861,085	\$	27,181,113	\$	28,776,295
	2,587,070		2,551,057		2,403,811		2,591,470		2,610,487		1,184,154
	1,420,904		688,661		764,073		1,164,970		1,232,577		796,167
	9,771,117		7,709,288		7,148,836		6,534,179		7,495,391		7,650,880
	3,266,027		2,976,653		3,172,143		3,867,639		4,979,670		5,355,205
	1,693,792		488,992		200,534		74,236		74,694		48,986
	1,656,446		2,589,298		2,791,714		3,046,138		3,726,795		4,834,666
	909,283		737,763		739,165		717,382		819,052		730,565
	1,716,831		1,764,592		1,726,009		2,029,300		2,103,145		2,258,194
	399,800		709,043		321,262		521,039		960,824		515,300
	667,763		-		-		-		-		-
	1,559,505		856,124		849,915		862,161		921,506		965,942
	5,851,191		3,064,365		3,361,923		8,481,659		4,593,033		4,196,184
	<u>49,759,791</u>		<u>44,572,329</u>		<u>46,206,639</u>		<u>54,751,258</u>		<u>56,698,287</u>		<u>57,312,538</u>
	7,795,598		9,199,038		8,121,823		9,606,264		9,450,349		9,702,802
	17,417,837		17,338,695		19,142,528		20,706,000		24,780,670		24,843,074
	7,872,144		7,833,373		8,733,989		8,898,412		8,807,135		8,117,795
	5,804,672		5,461,281		6,005,243		6,439,401		7,024,307		6,916,506
	2,171,248		2,083,855		2,284,566		2,506,162		3,107,479		3,297,460
	375,655		428,849		334,697		711,641		353,481		1,092,632
	3,558,334		2,124,367		13,309,695		19,454,016		2,106,554		1,446,490
	7,414,246		2,593,465		2,353,412		1,953,648		1,873,957		2,406,471
	<u>52,409,734</u>		<u>47,062,923</u>		<u>60,285,953</u>		<u>70,275,544</u>		<u>57,503,932</u>		<u>57,823,230</u>
	(2,649,943)		(2,490,594)		(14,079,314)		(15,524,286)		(805,645)		(510,692)
	12,243,714		2,790,774		3,090,781		6,627,588		3,752,561		5,674,350
	(12,756,265)		(3,313,896)		(3,611,542)		(7,172,173)		(4,235,804)		(5,934,350)
	-		-		-		-		(6,782,507)		-
	-		-		-		-		3,127,082		-
	-		-		25,330,000		8,100,000		6,551,000		-
	-		-		(2,600,000)		-		-		-
	<u>(512,551)</u>		<u>(523,122)</u>		<u>22,209,239</u>		<u>7,555,415</u>		<u>2,412,332</u>		<u>(260,000)</u>
	(3,162,494)		(3,013,716)		8,129,925		(7,968,871)		1,606,687		(770,692)
	<u>33,102,722</u>		<u>27,350,141</u>		<u>25,718,112</u>		<u>33,461,458</u>		<u>25,492,587</u>		<u>27,099,274</u>
<b>\$</b>	<b><u>29,940,228</u></b>	<b>\$</b>	<b><u>24,336,425</u></b>	<b>\$</b>	<b><u>33,848,037</u></b>	<b>\$</b>	<b><u>25,492,587</u></b>	<b>\$</b>	<b><u>27,099,274</u></b>	<b>\$</b>	<b><u>26,328,582</u></b>
	15.2%		5.8%		5.0%		3.8%		3.4%		4.3%

# Charter Township of Canton

Taxable Value by Property Type					
Real Property					
Tax Year	Residential	Commercial	Industrial	Agricultural and Other	Personal Property
1997	\$ 1,246,123,452	\$ 172,421,330	\$ 83,789,320	\$ 680,890	\$ 120,140,260
1998	1,390,068,311	187,880,043	98,452,973	689,576	130,256,670
1999	1,555,657,654	199,860,214	110,139,639	693,530	147,296,960
2000	1,728,853,394	217,391,941	111,263,567	703,501	150,537,360
2001	1,929,949,340	238,431,201	126,293,992	652,977	170,562,480
2002	2,136,168,909	270,200,857	136,127,703	-	169,394,180
2003	2,333,870,912	322,206,541	141,129,471	-	181,804,933
2004	2,568,834,283	341,386,242	152,197,908	-	194,145,256
2005	2,778,981,260	385,258,211	170,750,820	-	194,754,034
2006	3,023,547,837	447,688,439	193,317,099	-	188,787,437

Noe: Under Michigan law, the revenue base is taxable value.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.

**Revenue Capacity Information**  
**Assessed Value and Actual Value of Taxable Property**  
**(Unaudited)**

Total Taxable Value	Tax Rate (Mills)	Total SEV	Taxable Value as a Percentage of Actual
\$ 1,623,155,252	9.37	\$ 1,713,863,857	94.71
1,807,347,573	9.05	1,951,425,250	92.62
2,013,647,997	8.85	2,203,898,155	91.37
2,208,749,763	8.85	2,479,871,370	89.07
2,465,889,990	8.85	2,817,336,350	87.53
2,711,891,649	8.85	3,226,241,880	84.06
2,979,011,857	8.85	3,635,181,579	81.95
3,256,563,689	8.86	3,954,442,252	82.35
3,529,744,325	8.65	4,236,220,142	83.32
3,853,340,812	8.65	4,609,843,477	83.59

# Charter Township of Canton

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Tax Year	Millage Rates - Direct Township Taxes					Overlapping Taxes				
	General Operating	Police	Fire	Total Direct Taxes	County	Jail	Huron Clinton Metro Parks	Wayne County Parks	Library	Wayne County Community College
1997	1.1100	5.1600	3.1000	9.3700	6.7300	0.9600	0.2300	0.2500	1.6400	1.2000
1998	1.1100	5.0000	2.9400	9.0500	6.7300	0.9600	0.2300	0.2500	1.6400	1.1500
1999	1.1100	4.8000	2.9400	8.8500	6.7068	0.9505	0.2218	0.2493	1.6269	1.0190
2000	1.1100	4.8000	2.9400	8.8500	6.6651	0.9446	0.2202	0.2477	1.6114	1.0000
2001	1.5100	4.4000	2.9400	8.8500	6.6556	0.9432	0.2186	0.2473	1.5946	2.4995
2002	1.7100	4.4000	2.7400	8.8500	6.6380	0.9381	0.2170	0.2459	1.5766	2.4862
2003	2.0000	4.2500	2.6000	8.8500	6.6380	0.9381	0.2161	0.2459	1.5635	2.4862
2004	2.3660	4.1260	2.3580	8.8500	6.6380	0.9381	0.2154	0.2459	1.5331	2.4844
2005	2.3660	4.1260	2.1580	8.6500	6.6380	0.9381	0.2146	0.2459	1.5554	2.4769
2006	2.3660	3.9260	2.3580	8.6500	6.6380	0.9381	0.2146	0.2459	1.5437	2.4769

**Revenue Capacity Information  
Direct and Overlapping Property Tax Rates  
(Unaudited)**

Overlapping Taxes								
Schoolcraft Community College	Intermediate School District	State Education	School - Homestead Plymouth/ Canton	School - Homestead Wayne/ Westland	School - Homestead Van Buren	School - Non- homestead Plymouth/ Canton	School - Non- homestead Wayne/ Westland	School - Non- homestead Van Buren
1.8600	2.0000	6.0000	2.1800	1.5200	0.1800	20.1800	19.5200	18.1800
1.8600	2.0000	6.0000	2.1800	5.1400	1.3000	20.1800	23.1400	19.3000
1.8500	1.9914	6.0000	3.4700	5.1400	1.3000	21.4700	23.1400	19.3000
1.8311	1.9789	6.0000	3.1500	5.1400	1.2901	21.1500	23.1400	19.2901
1.8193	1.9753	6.0000	3.4900	5.0000	1.2719	21.4900	23.0000	19.2719
1.8043	3.4643	6.0000	3.3000	4.7000	1.2649	21.3000	22.7000	19.2649
1.8024	3.4643	5.0000	3.1500	5.1300	1.2645	21.1500	23.1300	19.2645
1.7967	3.4643	6.0000	3.1000	5.0922	1.2645	21.1000	23.0922	19.2645
1.7967	3.4643	6.0000	3.4300	4.8422	1.2617	21.4300	22.8422	19.2617
1.7967	3.4643	6.0000	3.1500	4.8322	1.2603	21.1500	22.8322	19.2603

# Charter Township of Canton

## Revenue Capacity Information Principal Property Taxpayers (Unaudited)

Taxpayer	2006 Taxable Value	Percentage of Total	1997 Taxable Value	Percentage of Total	1997 Rank
1 Yazaki North America Inc	\$ 53,066,767	1.38	\$ 11,864,980	0.73	5
2 Detroit Edison Company	22,727,710	0.59	19,677,950	1.21	1
3 Uptown Investors II LLC	22,072,821	0.57	-	-	-
4 Michigan Consolidated Gas Co	14,989,090	0.39	14,623,900	0.90	3
5 Heron Ridge Associates LLC	12,892,149	0.33	-	-	-
6 Honeytree	11,651,914	0.30	9,535,250	0.59	8
7 Tianz Inc	11,562,030	0.30	-	-	-
8 Sam's Real Estate Business Trust	11,496,576	0.30	-	-	-
9 IKEA	10,923,060	0.28	-	-	-
10 Procoil Company	10,575,214	0.27	11,393,030	0.70	6
Kmart Corporation			18,587,860	1.15	2
Steel Technologies			12,103,020	0.75	4
Meisel-Sysco Corporation			9,714,260	0.60	7
Village Squire			7,171,000	0.44	9
Toys 'R' Us			6,255,050	0.39	10

Source: Township's assessment records

# Charter Township of Canton

## Revenue Capacity Information Property Tax Levies and Collections (Unaudited)

Fiscal Year Ended December 31	Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Delinquent Collections	Total Tax Collections	Percent of Total Collections to Tax Levy
1997	\$ 15,107,040	\$ 14,425,962	95.49	\$ 673,957	\$ 15,099,919	99.95
1998	16,913,703	15,915,798	94.10	993,722	16,909,520	99.98
1999	18,470,753	17,449,828	94.47	1,020,925	18,461,517	99.95
2000	20,110,183	18,939,449	94.18	1,160,679	20,100,128	99.95
2001	22,119,165	19,613,982	88.67	2,228,018	21,842,000	98.75
2002	24,273,739	22,263,375	91.72	1,291,979	23,555,354	97.04
2003	26,557,594	25,424,921	95.74	1,030,838	26,455,759	99.62
2004	28,801,058	27,562,131	95.70	1,101,872	28,664,003	99.52
2005	30,968,620	29,458,769	95.12	1,086,996	28,664,003	92.56
2006	39,913,552	37,473,621	93.89	1,350,767	38,824,388	97.27

(1) Includes general operating, fire, and police taxes. Does not include penalty and interest on late payment of taxes.



# Charter Township of Canton

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	1997	1998	1999	2000
<b>Governmental Activities</b>				
General obligation bonds	\$ 5,175,000	\$ 7,225,000	\$ 12,575,000	\$ 14,025,000
Special assessment bonds	4,705,000	7,710,000	7,080,000	6,220,000
Land contracts	324,000	283,500	-	-
Total	10,204,000	15,218,500	19,655,000	20,245,000
<b>Business-type Activities</b>				
General obligation bonds	9,340,613	8,780,152	8,191,767	11,828,381
Installment purchase agreements	330,000	220,000	110,000	-
Total	9,670,613	9,000,152	8,301,767	11,828,381
Total debt of the government	19,874,613	24,218,652	27,956,767	32,073,381
<b>Total Population</b>	69,000	72,000	75,000	76,366
<b>Total Debt per Capita</b>	\$ 288.04	\$ 336.37	\$ 372.76	\$ 414.95
<b>Taxable Value</b>	1,623,155,252	1,807,347,573	2,013,647,997	2,208,749,763
<b>Ratio of Total Debt to Taxable Value</b>	1.22%	1.34%	1.39%	1.45%

**Debt Capacity Information  
Ratios of Outstanding Debt  
(Unaudited)**

	2001	2002	2003	2004	2005	2006
\$	13,307,500	\$ 12,572,500	\$ 35,087,500	\$ 36,743,750	\$ 35,160,940	\$ 33,467,320
	5,265,000	4,285,000	3,430,000	8,175,000	7,375,000	6,175,000
	-	-	-	-	-	-
	18,572,500	16,857,500	38,517,500	44,918,750	42,535,940	39,642,320
	10,737,496	10,027,496	9,377,500	8,871,250	8,102,957	8,455,653
	-	-	-	-	-	-
	10,737,496	10,027,496	9,377,500	8,871,250	8,102,957	8,455,653
	29,309,996	26,884,996	47,895,000	53,790,000	50,638,897	48,097,973
	76,366	81,681	82,612	83,567	84,930	85,476
\$	383.81	\$ 329.15	\$ 581.82	\$ 645.71	\$ 604.03	\$ 576.07
	2,465,889,990	2,711,891,649	2,979,011,857	3,256,563,689	3,529,744,325	3,853,340,812
	1.19%	0.99%	1.61%	1.65%	1.43%	1.25%

# Charter Township of Canton

## Debt Capacity Information Ratios of General Bonded Debt Outstanding (Unaudited)

Fiscal Year	Tax-limited General Obligation Bonds (LTGO)	Tax Supported Bonds (UTGO)	Less Pledged Debt Service Funds	Other General Obligation Debt	Net General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt per Capita
1997	\$ 5,175,000	\$ -	\$ -	\$ 324,000	\$ 5,499,000	\$ 1,623,155,252	0.34	69,000	\$ 79.70
1998	7,225,000	-	-	283,500	7,508,500	1,807,347,573	0.42	72,000	104.28
1999	12,575,000	-	-	-	12,575,000	2,013,647,997	0.62	75,000	167.67
2000	14,025,000	-	-	-	14,025,000	2,208,749,763	0.63	76,366	183.66
2001	13,307,500	-	-	-	13,307,500	2,465,889,990	0.54	76,366	174.26
2002	12,572,500	-	-	-	12,572,500	2,711,891,649	0.46	81,681	153.92
2003	35,087,500	-	-	-	35,087,500	2,979,011,857	1.18	82,612	424.73
2004	36,743,750	-	-	-	36,743,750	3,256,563,689	1.13	83,567	439.69
2005	35,160,940	-	-	-	35,160,940	3,529,744,325	1.00	84,930	414.00
2006	33,467,320	-	-	-	33,467,320	3,853,340,812	0.87	85,476	391.54

# Charter Township of Canton

## Debt Capacity Information Direct and Overlapping Debt (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Wayne County	\$ 94,712,808	7.62	\$ 7,217,116
Plymouth-Canton Community Schools	201,732,000	54.19	109,318,571
Wayne-Westland Schools	91,340,000	12.59	11,499,706
Van Buren Schools	11,275,000	16.66	1,878,415
Wayne County Community College	50,100,000	2.09	1,012,020
35th District Court Authority	3,350,000	47.00	1,574,500
Western Townships Utilities Authority	<u>117,025,000</u>	37.83	<u>44,266,418</u>
Total overlapping debt	569,534,808		176,766,746
Direct Township debt	43,310,000	100.00	43,310,000
Downtown Development Authority	9,790,000	100.00	9,790,000
District Library	<u>5,405,000</u>	100.00	<u>5,405,000</u>
Total direct and overlapping debt	<u>\$ 628,039,808</u>		<u>\$ 235,271,746</u>

# Charter Township of Canton

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	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b>Calculation of Debt Limit</b>				
State equalized valuation	\$ 1,713,863,857	\$ 1,951,425,250	\$ 2,203,898,155	\$ 2,479,871,370
10 percent of taxable value	171,386,386	195,142,525	220,389,816	247,987,137
<b>Calculation of Debt Subject to Limit</b>				
Total debt	19,874,623	24,218,657	27,956,771	32,073,381
Less debt not subject to limit - Special assessment bonds	<u>4,705,000</u>	<u>7,710,000</u>	<u>7,080,000</u>	<u>6,220,000</u>
<b>Net Debt Subject to Limit</b>	<u>15,169,623</u>	<u>16,508,657</u>	<u>20,876,771</u>	<u>25,853,381</u>
<b>Legal Debt Margin</b>	<u><b>\$ 156,216,763</b></u>	<u><b>\$ 178,633,869</b></u>	<u><b>\$ 199,513,045</b></u>	<u><b>\$ 222,133,756</b></u>
<b>Net Debt Subject to Limit as Percent of Debt Limit</b>	8.85%	8.46%	9.47%	10.43%

**Debt Capacity Information  
Legal Debt Margins  
(Unaudited)**

2001	2002	2003	2004	2005	2006
\$ 2,817,336,350	\$ 3,226,241,880	\$ 3,635,181,579	\$ 3,954,442,252	\$ 4,236,220,142	\$ 4,609,843,477
281,733,635	322,624,188	363,518,158	395,444,225	423,622,014	460,984,348
29,309,996	26,884,996	47,895,000	53,790,000	50,638,897	48,097,973
<u>5,265,000</u>	<u>4,285,000</u>	<u>3,430,000</u>	<u>8,175,000</u>	<u>7,375,000</u>	<u>6,175,000</u>
<u>24,044,996</u>	<u>22,599,996</u>	<u>44,465,000</u>	<u>45,615,000</u>	<u>43,263,897</u>	<u>41,922,973</u>
<b><u>\$ 257,688,639</u></b>	<b><u>\$ 300,024,192</u></b>	<b><u>\$ 319,053,158</u></b>	<b><u>\$ 349,829,225</u></b>	<b><u>\$ 380,358,117</u></b>	<b><u>\$ 419,061,375</u></b>
8.53%	7.01%	12.23%	11.54%	10.21%	9.09%

# Charter Township of Canton

Water and Serwer Revenue Bonds							
Fiscal Year	Gross Revenues	Applicable Expenses	Net Revenues	Debt Service		Coverage	
				Principal	Interest		
1997	\$ 12,384,370	\$ 4,883,948	\$ 7,500,422	\$ 138,385	\$ 71,667	35.71	
1998	15,530,830	5,153,455	10,377,375	143,385	65,040	49.79	
1999	16,950,484	8,166,892	8,783,592	143,386	58,246	43.56	
2000	16,507,794	7,873,732	8,634,062	153,386	51,203	42.20	
2001	18,508,327	8,921,854	9,586,473	158,386	49,909	46.02	
2002	19,145,687	10,825,374	8,320,313	115,000	24,942	59.46	
2003	20,067,602	14,554,275	5,513,327	255,000	52,875	17.91	
2004	22,951,435	15,066,991	7,884,444	255,000	43,650	26.40	
2005	27,852,026	20,495,118	7,356,908	260,000	34,300	25.00	
2006	22,657,250	20,656,438	2,000,812	265,000	24,900	6.90	

Note: Several special assessment districts include payment agreements versus annual special assessments placed on the tax rolls.

**Debt Capacity Information  
Pledged Revenue Coverage  
(Unaudited)**

Special Assessment Bonds				
Special Assessment Collections	Debt Service			Coverage
	Principal	Interest		
\$ 441,163	\$ 270,000	\$ 169,796		1.00
798,670	475,000	280,237		1.06
795,441	630,000	295,150		0.86
723,368	860,000	283,225		0.63
913,965	955,000	243,589		0.76
591,034	980,000	200,910		0.50
586,443	855,000	160,741		0.58
334,765	855,000	123,603		0.34
674,446	800,000	254,006		0.64
823,373	1,200,000	190,813		0.59



# Charter Township of Canton

## Demographic and Economic Statistics (Unaudited)

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate (3)	Estimated Number of Households (1)
1997	69,000	(4)	(4)	1.70	23,500
1998	72,000	(4)	(4)	1.50	25,800
1999	75,000	(4)	(4)	1.50	27,294
2000	76,366 (2)	(4)	\$ 28,609 (2)	2.10	27,490 (2)
2001	79,449	(4)	(4)	2.00	28,443
2002	81,681	(4)	(4)	2.60	29,456
2003	82,612	(4)	(4)	3.40	30,613
2004	83,567	(4)	(4)	3.20	31,550
2005	84,930	(4)	(4)	2.60	32,237
2006	85,476	(4)	(4)	2.50	32,652

(1) Southeast Michigan Council of Governments Information Services

(2) 2000 U.S. Census

(3) Michigan Department of Labor & Economic Growth

(4) Not Available

# Charter Township of Canton

## Principal Employers (Unaudited)

Taxpayer	2006 Employees	Percentage of Total	1997 Employees	Percentage of Total	1997 Rank
Plymouth Canton Schools	2,500	34.07	(1)	(1)	(1)
Yazaki North America	1,400	19.08	(1)	(1)	(1)
Miesel-Sysco Corporation	635	8.65	(1)	(1)	(1)
A & D Transport	550	7.50	(1)	(1)	(1)
Meijer Thrifty Acres	500	6.81	(1)	(1)	(1)
IKEA	500	6.81	(1)	(1)	(1)
Charter Township of Canton	369	5.03	(1)	(1)	(1)
Home Depot	345	4.70	(1)	(1)	(1)
Walmart	280	3.82	(1)	(1)	(1)
Sam's Club	259	3.53	(1)	(1)	(1)

(1) Not available

# Charter Township of Canton

## Operating Information Full-time Equivalent Government Employees (Unaudited)

Department	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 (6)
<b>Supervisor's Office (1)</b>	3	3	3	3	3	3	3	2	2	4
<b>Economic Development</b>	0	0	0	0	0	0	0	1	1	1
<b>Clerk's Office</b>	6	6	6	6	6	6	6	6	6	8
<b>Treasurer's Office</b>	7	7	7	7	7	6	6	6	6	7
<b>Executive Operations and Public Safety</b>										
Fire	46	50	50	55	57	62	65	68	68	63
Police	86	88	93	99	99	105	108	110	109	106
Human Resources	3	3	3	4	4	4	4	5	5	5
<b>Finance and Budget</b>										
Finance and Budget	7	10	10	11	12	12	12	12	12	11
Information Technology Systems	5	3	4	7	8	8	8	8	8	7
Community Services	6	7	7	3	4	4	4	4	4	2
Cable Television	1	1	2	2	3	2	3	3	3	3
Facilities Maintenance (2)	8	9	9	11	11	11	8	16	16	11
Utility Billing	3	3	3	4	4	4	4	5	5	4
<b>Municipal Services</b>										
Director's Office	2	2	2	4	5	5	5	5	4	3
Building and Inspection Services	15	18	18	19	20	20	21	23	20	11
Engineering Services	6	6	9	12	14	16	16	16	24	15
Planning Services	6	6	6	7	7	8	8	7	9	6
Public Works	29	31	30	31	31	34	35	33	35	37
<b>Leisure Services</b>										
Director's Office	0	0	0	2	2	4	4	4	5	4
Parks Division/Grounds	5	8	11	11	12	10	12	12	12	11
Summit Community Center (2)	7	8	10	10	10	10	8	8	6	10
Pheasant Run Golf Course	5	4	4	6	6	4	5	3	3	3
Parks and Recreation	5	5	4	4	4	9	11	10	11	12
Softball Center (3)	0	0	0	3	3	1	1	2	2	2
Performing Arts (4)	0	0	0	0	0	0	0	1	1	1
Administrative Services (5)	2	2	2	3	3	3	3	3	3	-
<b>Total</b>	<b><u>263</u></b>	<b><u>280</u></b>	<b><u>293</u></b>	<b><u>324</u></b>	<b><u>335</u></b>	<b><u>351</u></b>	<b><u>360</u></b>	<b><u>373</u></b>	<b><u>380</u></b>	<b><u>347</u></b>

Source: Township personnel records

- (1) The DDA coordinator was moved from the supervisor's office to Economic Development.
- (2) Several of the facilities maintenance staff were transferred to the Summit Community Center.
- (3) The Township acquired and began to operate a sports facility in 2000.
- (4) A performing arts coordinator was added to support The Village Theater which opened in 2004.
- (5) The director of administrative services retired in 2006 and a new division, Executive Operations and Public Safety, was formed. The departments from administrative services were allocated between the new division and finance and budget.
- (6) As a result of retirement incentives and less new construction, there was an overall reduction in staff.

# Charter Township of Canton

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Function/Program	1997	1998	1999	2000
<b>Police:</b>				
Physical arrests	2,018	1,772	2,678	2,887
Traffic violations	15,113	16,002	15,862	15,338
Parking violations	343	259	320	369
<b>Fire:</b>				
Fire runs	1,427	1,155	1,385	1,281
Emergency medical runs	2,581	3,228	3,911	3,744
Inspections	2,090	2,302	1,372	1,009
<b>Parks and recreation:</b>				
Recreation program attendance	21,635	32,208	35,301	40,994
Community center admissions	169,195	154,087	152,984	257,809
<b>Library:</b>				
Circulation (books borrowed)	705,289	724,897	732,991	762,654
Collection volume	140,109	149,471	175,624	184,934
<b>Water:</b>				
Number of customers billed	17,151	18,138	18,903	19,672
Total consumption (billed - gallons)	2,445,909,000	2,908,818,000	3,096,507,000	2,715,344,000
<b>Sewer:</b>				
Number of customers billed	16,848	17,834	18,592	19,362

**Operating Information**  
**Operating Indicators**  
**(Unaudited)**

2001	2002	2003	2004	2005	2006
2,294	2,329	2,649	2,682	2,760	3,580
14,652	13,742	16,647	17,378	16,293	16,670
403	446	433	295	399	290
1,181	1,253	1,224	1,148	1,294	1,152
3,667	3,851	3,489	3,561	3,754	4,012
721	1,172	1,150	1,073	889	628
132,857	195,826	352,458	351,860	406,774	524,722
258,372	377,147	343,645	403,473	342,949	284,088
945,464	1,156,106	1,345,278	1,486,599	1,567,489	1,654,395
210,708	238,309	261,182	262,488	284,337	302,026
20,300	21,184	21,835	22,425	22,967	23,272
3,047,036,000	3,297,112,000	3,059,188,000	2,987,866,000	3,367,677,000	3,041,124,000
19,990	21,166	21,520	22,111	22,651	22,953

# Charter Township of Canton

## Operating Information Capital Asset Statistics (Unaudited)

Function/Program	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units:										
Cars and Jeep	34	36	36	36	39	39	39	40	41	47
Prisoner van	1	1	1	1	1	1	1	1	1	1
Motorcycles	4	4	4	6	4	4	4	4	6	6
Fire:										
Stations	2	2	2	2	2	2	2	2	3	3
Fire and emergency response vehicles	9	8	9	8	9	11	12	14	14	14
Public works:										
Streets (miles)	282	288	305	310	315	315	325	325	325	373
Streetlights	661	683	695	705	705	705	705	705	705	705
Parks and recreation:										
Acreage	234.6	234.6	469	599	729	859	859	859	859	859
Parks	4	4	7	7	7	7	7	7	7	7
Soccer fields	10	10	30	30	30	30	30	30	30	30
Baseball diamonds	10	22	22	22	22	22	22	22	22	22
Community Center	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Golf courses	2	2	2	2	2	2	2	2	2	2
Libraries - Branches										
	1	1	1	1	1	1	1	1	1	1
Water:										
Mains (miles)	243	243	265	265	265	268	279	279	279	424
Fire hydrants	2,081	2,081	3,493	3,493	3,493	3,493	3,493	3,493	3,493	4,874
Sewer:										
Miles of sanitary sewers	208	208	228	235	238	238	248	248	248	328